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FBIS-EEU-94-248 *27 December 1994*

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Berisha Pardons Ethnic Greek Convicted of Spying

AU2412203594 Paris AFP in English 1945 GMT 24 Dec 94

[FBIS Transcribed Text] Tirana, Dec 24 (AFP)—Albanian President Sali Berisha on Saturday [24 December] pardoned one of five members of the country's Greek community who have been found guilty of spying for Greece. He also reduced further the prison sentences on the other four convicted to spying.

Irakli Sirmo, who was jailed for six years, was pardoned by the Christmas decree made available to AFP. All five saw their sentences reduced late last month on the occasion of the 50th anniversary of Albania's liberation from Nazi occupation. A sixth ethnic Greek Kristaq Cavo, who was jailed in June for illegal detention of firearms, was freed in November.

Berisha said in his decree he pardoned Sirmo becaused he had been jailed for 18 years under communist dictator Enver Hoxha.

Kosta Qiriako, who was sentenced to seven years in jail must now serve only five years. Theodor Bejani's sentence was reduced from six years to five, and Vangjel Papakristo's and Panajot Marto's from five to four years each.

Relations between Greece and Albania have soured over the last year over Greek allegations that Tirana was cracking down on the country's ethnic Greek minority. The minority numbers 60,000 according to Albania but 400,000 according to Greece.

Athens has said that relations could only improve if the five convicted spies were freed.

President Appoints New National Bank Governor

AU2412172394 Tirana TVSH Television Network in Albanian 1900 GMT 23 Dec 94

[Decree by Sali Berisha, president of the Republic of Albania, issued in Tirana on 23 December]

[FBIS Translated Text] Based on Article 28, Clause 19, of Law No. 7,491 dated 29 April 1991 on Main Constitutional Provisions, and Article 44 of Law No. 7,559 dated 22 April 1992 on Albanian Banks, and upon the recommendation of the leadership council of the Bank of Albania, Sali Berisha, president of the Republic of Albania, decrees:

Article 1—Mr. Kristaq Luniku is appointed governor of the Bank of Albania.

Article 2—This decree takes effect immediately.

Decree No. 996.

Kristaq Luniku was born on 3 August 1962 in the city of Korce. He studied at the Faculty of Finance and Economics at Tirana University from 1982-1986. He completed post-graduate studies on the problems of monetary programs and middle-term macroeconomic regulation in Washington, United States of America, at the IMF. He has completed studies and participated in courses on banking techniques and the market for capitals and stock exchanges at German banks. He is an associate professor and lectures at the Jurisprudence and Economics University in Torino and cooperates with the Faculty of Economics in Tirana.

He started work at the Bank of the Albanian State in December 1986 and was appointed deputy governor and director of the Department of Politics and Monetary Operations at the Bank of Albania in June of 1992.

Farmers Union Newspaper Begins Publication

AU2312184794 Tirana Radio Tirana Network in Albanian 1430 GMT 23 Dec 94

[FBIS Translated Text] Today, another newspaper under the meaningful name BUJKU SINDIKALIST [FARMER TRADE UNIONIST] was added to the great number of newspapers. This paper will reflect the problems and daily concerns of the people who make up 65 percent of the population.

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Videnov Proposes Talks on Future Parliament

AU2312191394 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 23 Dec 94

[FBIS Translated Text] Zhan Videnov, chairman of the central council of the BSP [Bulgarian Socialist Party], today sent a letter to the national coordinating council of the SDS [Union of Democratic Forces] , the People's Union coalition, the Bulgarian Business Bloc, and the central council of the DPS [Rights and Freedoms Movement]. The letter proposes holding a meeting at a convenient time during the Christmas and New Year holidays to discuss the formation of the 37th National Assembly, the start of its legislative activity, and the possibilities for expanding the parliamentary majority.

In a letter sent to the DAR [Democratic Alternative for the Republic] coalition and the Patriotic Alliance, it is pointed out that the BSP is ready to discuss the problems of the future government.

In the program "Conversation With You" of the Khorizont Radio Network, DAR leader Aleksandur Tomov stated that if DAR's name was mentioned, the proposal of the BSP supreme council to meet to discuss the problems of the future government of the country would most likely be accepted, and that the DAR leaders would most likely meet this very evening to decide how to react to the proposal.

KNSB Welcomes BSP Election Victory

AU2312155494 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 23 Dec 94

[Report by Varshava Maksimova]

[FBIS Translated Text] The Executive Committee of the KNSB [Confederation of Independent Trade Unions in Bulgaria] today held a special meeting to discuss the election results and the KNSB's own position on them. The Executive Committee regarded the results as a logical consequence of the electorate's dissatisfaction with the current government.

In a statement that is to be sent to the government, political forces, the European Trade Union Confederation, and the International Trade Union Confederation, the KNSB states that the road is now open for making meaningful adjustments to the model for socioeconomic reforms that was imposed by the international financial institutions. The statement reads: Bulgaria needs political stability, national consensus on the reform, and continuation of the democratic changes on a foundation of social and civic peace.

The KNSB hopes that the victorious political force, the BSP [Bulgarian Socialist Party], will keep to its election campaign program and will refrain from attempts to enforce narrow party interests.

The KNSB leadership will send congratulatory letters to the BSP and its coalition, the People's Union, the DPS [Rights and Freedoms Movement], and the Bulgarian Business Bloc.

Candidates to Leadership of SDS Identified

AU2712113294 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 27 Dec 94

[Report by Antoaneta Puncheva]

[FBIS Translated Text] The deadline for nominating candidates for the new SDS [Union of Democratic Forces] leadership expires today. So far, two candidates to the chairmanship of the SDS National Coordinating Council have emerged clearly: Ivan Kostov and Petur Stoyanov. Kostov enjoys considerable support among the member parties of the SDS coalition, including Ecoglasnost. Stoyanov was nominated by the Federation of Student Associations.

At the end of last week the leadership of the Radical Democratic Party [RDP] declared that it did not support Petur Stoyanov's candidature because he does not represent an alternative to Filip Dimitrov. The RDP then proceeded to nominate Aleksandur Yordanov [RDP chairman] for chairman of the national coordinating council of the SDS.

Our reporter Antoaneta Puncheva reminds us that the names tipped for possible future deputy chairman include those of Khristo Biserov and (?Mario Sederinski). The names of the new SDS leaders will become known after the voting on 29 December.

Kozloduy Nuclear Power Plant Reactor Restarted

AU2612153994 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 26 Dec 94

[FBIS Translated Text] On 26 December after a prolonged repair and basic reconstruction, coordinated with the program on increasing nuclear safety, the 440-megawatt third reactor of the Kozloduy Nuclear Power Plant was connected to the country's power grid.

The first, second, fourth, and fifth reactors are operating at maximum capacity. The 1,000-megawatt sixth reactor is at present undergoing tests.

The Kozloduy Nuclear Power Plant's six reactors produce 3,000 megawatts of electricity.

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Interpol Contacts Counterparts on Nuclear Material

LD2212121894 Prague Radiozurnal Radio Network in Czech 1100 GMT 22 Dec 94

[FBIS Translated Text] During an investigation into the seizure of 3 kg of uranium, which is allegedly almost 90 percent enriched by isotope 235, the Czech headquarters of Interpol has contacted its colleagues in Russia, Belarus, and Germany. The reason is to obtain information about two persons originating from the former Soviet Union who were detained, along with one Czech citizen, when transporting this radioactive substance.

The police detained the three men on 14 December on Argentinska Street in Prague 7. They are now in detention, and the investigator has accused them of the criminal offense of unauthorized production and possession of radioactive material.

The detained Czech is a nuclear energy expert.

Foreign Minister Expresses 'Alarm' Over Chechen

LD2312202594 Prague Radiozurnal Radio Network in Czech 1700 GMT 23 Dec 94

[FBIS Translated Text] Czech Foreign Minister Josef Zieleniec made a statement in Prague today on the development of the conflict in Chechnya. According to the minister, there is no other way to settle the conflict in this part of the Russian Federation than through talks on a peace settlement.

[Begin Zieleniec recording] I would like to stress our alarm over what has been happening in Chechnya. While we are preparing ourselves for a Christmas feast of peace, there is a cruel war under way in Chechnya, involving an ever growing number of civilians.

The efforts by the Russian Federation to preserve the integrity of the state are understandable. On the other hand, it is very hard for us to come to terms with the methods used to achieve this—methods that are leading to great losses suffered by civilians. [end recording]

Ministry Prevents Export of Explosives to Croatia

AU2312120794 Belgrade POLITIKA in Serbo-Croatian 21 Dec 94 p 7

[Article by BETA: "Czech Republic Has Prevented Export of Explosives to Croatia"]

[FBIS Translated Text] Prague, 20 Dec—The Czech Ministry of Industry and Trade has refused to issue a permit for the export of 28 metric tons of explosives found to be destined for Croatia.

The explosive was supposedly intended for Chad, but the Czech ambassador in Nigeria discovered that the accompanying documents were falsified and warned the authorities in Prague about a possible fraud.

The Czech media report that the explosive was meant for Croatia because Croatia had recently requested 28 tonnes of explosives for allegedly clearing ruins in the war-stricken regions.

The explosive in question is Semtex, which is adored by international terrorists. The price of 28 metric tons of this explosive on the black market is several million dollars.

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Prime Minister Meciar Addresses Zilina Rally

LD2312231594 Bratislava STV 1 Television Network in Slovak 1830 GMT 23 Dec 94

[FBIS Translated Excerpt] An important pre-Christmas event took place in Zilina today, when the Slovak Government met the citizens of Slovakia. Apart from the Cabinet members, led by Prime Minister Vladimir Meciar, other prominent figures of public and political life took part in the meeting. The key goal of the venue was to inform the public about the government's plans for the near-term future as well as their long-term perspective.

[Unidentified correspondent] The Andrej Hlinka Square in Zilina started filling up shortly after 1300. The members of the new government, led by Vladimir Meciar, Slovak National Council Chairman Ivan Gasparovic, Deputy Chairman Jan Luptak, Matica Slovenska, Jozef Markus, and other prominent figures of our social, political, and cultural life, were welcomed, according to our estimates, by thousands of visitors. [passage omitted]

[Begin Meciar recording] [crowd chants "Long Live Meciar!"] Esteemed ladies and gentlemen, friends, citizens of the Slovak Republic: The crises that hit our state in the aftermath of March 1994 is over. The constitutional bodies of the state have been reestablished. [crowd cheers]

In this political dispute, the citizens have decided that public matters should remain in the hands of those who pledged to protect and develop the interests of the citizens of this country, who received your mandate, who received your commission to realize their program, and who then took charge over public matters. [crowd cheers]

The Government of the Slovak Republic regards it as an honor to meet the citizens of Zilina and other citizens of Central Slovakia because, in Central Slovakia, we had the most substantial support, and, therefore, our thanks and respect must reflect that. And so our first public address is in Zilina, in front of you and among you. [crowd cheers]

After the 1994 elections, many doubted whether it would be possible to resolve the crisis and form the government. Everybody got the right and the chance to join the government, but only some had the courage. Therefore, the coalition of the Movement for a Democratic Slovakia [HZDS], the Association of Workers in Slovakia [ZRS], the Slovak National Party [SNS] was created, and the Peasants' Party of Slovakia [RSS] promised to support the government. [applause]

After the National Council was constituted, led by the chairman, Ivan Gasparovic, and the deputy chairmen, Augustin Marian Huska, Jan Luptak, Marian Andel, the government was formed and so were the Supreme Control Office and some other institutions. We have done everything possible to restore calm and democracy—to restore normal social, political, and economic life. [applause]

Those parties who have not joined the government have chosen to go over to the opposition voluntarily. We are aware of all the losses we suffered during the nine months of blundering. Now, more than ever before, Slovakia needs to break its isolation, to break the barrier between opposing camps, to look for reconciliation, understanding, and accord.

This is why we are making an offer to those who lost in the elections not to stand aside but to join in! [applause]

Regarding further development in Slovakia, in January 1995 we will start working on the government program we will present to you by mid-January, we will start working on the budget, and we will put all our energy to the revival of our economy, to bringing the people back to employment, to bringing back security. [cheers]

There may be mishaps or misunderstandings; there may be difficulties. But the way the citizens resolved the crisis in 1994 confirmed that the state, built on a solid civic bases, is capable of internal development and democracy, and of overcoming mistakes. You, the citizens, the elementary cell of this state, are the guarantee of this eternal process.

Let me thank you all who gave us your faith and today give us certainty and strength for work. Let me wish you a good Christmas. Let the good time of Christmas see us through the whole year of 1995. We need mutual understanding also with those who do not agree with us these days, but the disagreement can never grow so much that it would harm our interests. I wish you all a good Christmas and all the best in the new year. Thank you for your support. [applause and cheers] [end recording] [passage omitted]

Meciar Interviewed on Budget, 'White Paper'

LD2312221294 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1700 GMT 23 Dec 94

[Regular Friday interview with Prime Minister Vladimir Meciar by Magda Pospisilova on 23 December; place not given—live or recorded]

[FBIS Translated Excerpt] [Pospisilova] Prime Minister, on several occasions you said that we could do better than just tightening our belts. The experts, and not only from the opposition camp, agree that the provisional budget is much harder than the draft budget presented by the previous government. The cutback on expenditures of the ministries will affect not only the doctors but also the patients, and equally the teachers and pupils; it will simply affect every one of us. Why do you think it was necessary to burden the budget with state debts?

[Meciar] It is obvious that, if we want to revive our economy, we need resources. So where will we get these?

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The only place is where they are created—that is, banks and privatization. [passage omitted]

When in 1992 I spoke about Slovakia surviving as an independent country, everybody laughed at me; nowadays that is a reality. When in 1993 I outlined a forecast of the development of the Slovak Republic, again I was laughed at. When these days I present a vision of Slovakia in 1994-98 as a developmental alternative by means of which the Slovak Republic will enjoy substantial progress, again I am laughed at. This is a good sign, indicating that this will come true.

When it comes to resources and the transfer of the burden onto the budget, the effect of the double-edged scissors occurs. On the one hand, there will be an increase in the gross national product and, subsequently, increased revenue in the budget. That is a positive aspect. The other aspect is that the restrictive monetary policy is being superseded by the development policy. This is one side of the scissors.

The other side of the scissors is represented by the costs of the state administration. Social subsidies were not adequately covered by the budget. The state must guarantee the social subsidies; we do not want and cannot touch them. Let us frankly say that not everything is always necessary in the state administration. That is the reason there will be some cuts in the state administration: There will be fewer representative meetings, no luxurious office refurbishments, no luxurious cars for some time [words indistinct]. All of these measures are necessary in the interest of managing the year 1995.

I do no want to criticize my predecessors, but the principal mistake the former government made was not to provide for future revenues. Nowadays, we not only have to come to terms with the past creeping into 1995, but, in February, we already have to start preparing for 1996. This means making provisions for future revenues because then the debt servicing will be even higher.

[Pospisilova] In this context, there have been opinions or even suspicions relating to the Cabinet. These indicate that, if the state debts were, after all, to be paid for from privatization—that is, through the National Property Fund—the companies would have to be sold off at the highest possible price, and not, to use an idiom, for pennies, and to one's own supporters.

[Meciar] Who sells like that? If anything like that were to happen, let us start talking about it. [passage omitted]

[Pospisilova] So, there is no white paper, is there?

[Meciar] No white paper exists. Nothing like that was prepared. All there is is a parliamentary commission investigating suspicious events. That is that; there is nothing more. The role of the parliamentary commission is not only to repress people but also to evaluate how the political system and the constitutional systems function, and, within that, it also has to evaluate the people's involvement. If there is a suspicion that corruption took place in the parliament and if somebody fears that he will be found out, it is a matter for the parliament to sort this out in public. Citizens need not be brought into it. [passage omitted]

Kovac Rejects Meciar's Ideas on Changing System

AU2312162394 Bratislava NARODNA OBRODA in Slovak 20 Dec 94 p 12

[Report on interview with President Michal Kovac by an unidentified Bratislava PRACA reporter; place and date not given: "Michal Kovac: Too Much Energy Has Been Wasted on Political Duels"—reprinted from Bratislava PRACA in Slovak No. 292]

[FBIS Translated Text] When I assess past developments with a certain detachment, I must say that some of my expectations have been fulfilled, President Michal Kovac states in an exclusive interview for PRACA issue No. 292. It is becoming apparent that our economy is developing better than I expected and better than the governments of Jozef Moravcik and Vladimir Meciar expected. Our resolutions aimed at improving the credibility of the Slovak Republic on the international scene have been fulfilled, not only in political circles, among statesmen, but also in financial and banking circles. Compared with the first half of 1994, in the second half our rating improved by a few points. This was due to our stable macroeconomic development and, definitely, also to a certain calming down of the political situation following the change of government and the calling of early parliamentary elections.

We have gained valuable political experience. It needs to be said that, in spite of some tension and political squabbles, political developments have not shaken the Slovak Republic's democratic foundations. The transformation process did not come to a halt, either. Too much energy has perhaps been wasted on political duels, energy that might have been better used in addressing economic problems and improving the social atmosphere. My expectations in this sphere did not materialize.... We have registered negative phenomena in this regard, which surprised me personally. A plurality of views often manifested itself in a certain resentment among political entities, which has also been prevalent among citizens. This is an unpleasant finding because we had expected a plurality of views to lead to greater commitment in public matters, rather than to become an obstacle to cooperation between people.... After the elections and before the appointment of the new government, the polarization became more evident again. Political tension again made itself felt. Now that the coalition agreement has been signed and a government appointed, it should again be possible to expect a certain relaxation of political tension.

The statement made by Prime Minister Vladimir Meciar after the new government members were sworn in sounded hopeful and should have a calming effect. The world at large was told quite unequivocally that the

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process of the Slovak Republic's gradual integration into European structures and into NATO will continue. I assume that this statement was preceded by coalition talks and that the prime minister's statement therefore reflected the position of all coalition partners. This element has undoubtedly introduced calm into our entire political spectrum because it assumes continuity of our post-November 1989 development. Vladimir Meciar also extended his hand for political reconciliation. I perceive this gesture in a broader context and hope that it will positively affect, first and foremost, the domestic political situation.

[PRACA] In the wake of the events of March [when the previous Meciar-led government was dismissed], you personally and also the presidential institution itself came under fire, particularly in conjunction with the interpretation of the head of state's constitutional powers. Views have now been voiced that the political system of the Slovak Republic needs to be changed and a transition made from a parliamentary democracy toward a presidential regime. What is your view of these efforts?

[Kovac] I make no secret of the fact that some citizens are of the opinion that the president of the Slovak Republic represents an obstacle to certain development. During the election campaign, voters even received promises, or instructions, from some politicians on how to remove the incumbent president. Let me leave aside the personal aspect of this matter and ask whether this is to the benefit of the Slovak Republic. I do not believe that the path toward domestic political stability can be found solely in self-serving changes to the electoral system, for example, or in the elimination of personalities with differing opinions. Likewise, it would not be correct if we sought the possibility of stabilizing the government only through changes to the constitutional system. I do not believe that the process of domestic political stability and civic and national reconciliation can be guaranteed by negative means.... We know that many citizens are dissatisfied because of their bad social situation. When we act to reduce unemployment and increase citizens' incomes, their political problems will appear in a quite different light as well. Changing the parliamentary system into a presidential regime is not our key problem, in my opinion. The key issue is to discover what will help us directly solve our economic and social problems.

What would a presidential system mean? Essentially, it would mean the direct election of the president by the citizens. The president would also appoint the government. The government would not be accountable for its activities to parliament, and parliament would not be able to dismiss it. Parliament would only deal with the passage of laws. The appointment of the government for a whole electoral term without the possibility of its being dismissed by parliament would not bring calm for society, let alone guarantee domestic political stability, economic prosperity, or even political and national reconciliation. I believe that it might rather cause economic development to slow down and delay the solution to urgent social problems.

Three State Secretaries, Office Heads Appointed

AU2412171994 Bratislava SLOVENSKA REPUBLIKA in Slovak 21 Dec 94 pp 1-2

[TASR report: "Dismissed District Office Chairmen Rehabilitated"]

[FBIS Translated Excerpt] Bratislava—[Passage omitted] The government appointed Marian Vrabec and Peter Adamec as state secretaries at the Ministry of Transportation, Communications, and Public Works and Viktor Spakovsky as head of this ministry's office.

Furthermore, the government appointed Vojtech Tkac as state secretary at the Ministry of Labor, Social Affairs, and the Family and Helena Kozikova as head of this ministry's office. Jaroslav Rolko was appointed head of the Ministry of Agriculture office. [passage omitted]

Use of Semtex in Drug Gangs' War Suspected

AU2312112794

[FBIS Editorial Report] Prague MLADA FRONTA DNES in Czech and Bratislava NARODNA OBRODA in Slovak on 20 December publish reports on what the Czech newspaper describes as "the start of a war between the chiefs of drug gangs in Bratislava." The Slovak daily voices the suspicion that these gangs avail themselves of the plastic explosive "Semtex."

Prague MLADA FRONTA DNES in Czech on 20 December on page 9 carries a 450—word report by Karol Wolf, the paper's Bratislava correspondent, entitled "War Started in Bratislava Between Chiefs of Drug Gangs." Wolf writes that "a mere pile of scrap was left of the Mercedes M 500SL that exploded in front of the Queen's Pub nightclub in Bratislava on the morning of 18 December." The explosion was so strong, according to the correspondent, that cars within several hundred meters of the incident were damaged by the luxury car's debris. The limousine reportedly belonged to Peter Steinhubel, nicknamed "Zalud" (Acorn), a leading black market currency dealer under the communist regime. At the moment of the explosion, Steinhubel found himself only a few meters from the car, Wolf reports.

He continues: "The investigators have the well-founded suspicion that the explosion is the start of a long-imminent war between gangs operating in Bratislava. Steinhubel, whom many sources describe as one of the central figures of this settling of accounts, already once, in spring 1993, narrowly escaped death when he was the target of five gunshots fired by a still unknown perpetrator. Even then, the police linked the attack to the operation of Ukrainian and Albanian gangs, which have in recent years come to dominate the Bratislava drug market. When the foreign gangs arrived in Bratislava,

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Steinhubel refused to bow to their rules. Today he is considered one of Bratislava's leading entrepreneurs. Some of the former Bratislava 'golden boys,' who, unlike their former bos, got involved in the activities of the foreign drug gangs, have become drug-taking ruins, whose millions have been dissipated in heroin or cocaine."

Bratislava NARODNA OBRODA in Slovak on 20 December on pages 1 and 2 carries an 800-word Peter Sporer report on the above incident entitled "Did Semtex Explode Under Former Black Marketeer's Leased Mercedes?"

Peter Martincek, director of the Slovak Police Institute for Criminology and Expert Analyses, is quoted as having told the NARODNA OBRODA reporter that "Slovak criminologists have never come across such an extraordinary intensiveness of explosion in similar cases. Even though specialists have not yet determined which explosive the perpetrator used, Martincek did not rule out that it was Semtex," Sporer says.

The reporter notes in this context that a kilogram of Semtex can be bought for 8,000 to 10,000 korunas on the black market today. He recalls that "last year, between 1 and 21 October, unknown perpetrators stole from the warehouse of the Zilina firm Zylna 902.4 kilograms of Semtex and 2,090 detonators. The stolen Semtex has not been found to this day." The NARODNA OBRODA reporter the Semtex stolen from the Zilina warehouse had been manufactured before 1989 and, hence, cannot be identified by detection devices used at airports. Only Semtex produced in the last five years is "marked" so that it can be detected, he says.

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Horn on Hotel Sale, Privatization Policy

LD2312214294 Budapest Kossuth Radio Network in Hungarian 1700 GMT 23 Dec 94

[FBIS Translated Excerpt] The government considers that the price the U.S. investor would pay for the HungarHotels hotel chain is too low and it has instructed the government commissioner in charge of privatization [Ferenc Bartha] to conclude an agreement on the sale of the hotel chain on much more favorable conditions. This decision was made following a lengthy debate. Judit Laszlo reports on the briefing on the government session:

[Laszlo] According to the investigation of the government's supervisory office, the assets of HungarHotels were estimated on the basis of 1991 rates. Thus, the government could establish that no evaluation of assets had taken place immediately before the bidding was called. The government's decisions were announced by Prime Minister Gyula Horn:

[Begin Horn recording] The government has instructed the minister of justice to examine whether the 1992 law on the sale, utilization, and protection of assets which are temporarily owned by the state makes it binding to carry out assets evaluation before bids are invited. A report will have to be submitted to the government by 12 January on the result of this investigation.

The government has instructed Ferenc Bartha, the government commissioner in charge of privatization, to set much more favorable conditions for the selling of HungarHotels during talks with the winner of the tender of HungarHotels Joint Stock Company aimed at concluding an agreement, in order that the economic interests of the Hungarian state be fully asserted. The government must be informed about the talks by 12 January, too. [end recording]

[Laszlo] The government wants to assert the state's supervising role in privatization; a plan must be worked out by the end of January.

[Begin Horn recording] A system of criteria on the basis of which the government would only interfere if someone does not observe these criteria must be worked out by 31 January; thus it should be made clear that the government can and must interfere.

It is also being considered that the government, if it finds it necessary, may set up an ad hoc committee to examine the circumstances of some major privatization deals. However, decisions on these will be taken individually. We established at the government session that when the sale of large state assets are in question, then the government must be consulted on the deal before inviting a tender, as it should have been done in this case, too. [passage omitted] [end recording]

[Laszlo] For the time being there was no discussion at the government session of any possible personal consequences of the HungarHotels affair. However, the government's supervisory office established that the tender was in accordance with the rules. No corruption took place, but the selling price of the hotel chain was largely underestimated. [passage omitted]

Horn Reviews 1994, Looks Ahead to 1995

LD2312222494 Budapest Duna TV in Hungarian 1945 GMT 23 Dec 94

[FBIS Translated Excerpt] [Unidentified correspondent] Tonight's guest on our program, "Evening Question" ["Esti Kerdes"] is Prime Minister Gyula Horn. On the eve of the Christmas holidays, I would like you to share your thoughts with our countrymen living in the motherland and beyond our borders. [passage omitted]

Prime Minister, at the end of the year, in your view, did the government manage to create the conditions for a favorable change?

[Horn] These conditions have not yet been created, but we have started out in the right direction. [passage omitted] My opinion is that if we fulfill the tasks of 1995, we can also lay the foundations for the development of the future. [passage omitted] A government always has to make certain [illegible]difications and to analyze its activity, and we will [illegible]st this in January.

[Correspondent] In your view, did our foreign policy manage to successfully convey the government's intentions?

[Horn] Yes, by all means. What we proclaimed, namely historic reconciliation and agreement with the neighbors, was met with an extremely favorable response from Washington to Moscow, in the West and in the East. So much so that the European Union and NATO also stipulated that without settled relations with the neighbors, Hungary's accession to these international organizations of great importance was inconceivable. Thus it is stipulated as a condition. So, when the government takes steps in this direction, it forms not only the country's present but also its future. [passage omitted]

[Correspondent] You mentioned that the government will draw up an inventory in January. In your view, is there anything needing alteration in our political system?

[Horn] In my view, the decisionmaking process has to be speeded up by all means. [passage omitted] The public employees' situation also has to be looked at. But there is no question of the government contemplating the sacking of several hundreds of thousands of people. I do not know who invented these rumors. However, the spheres of public administration and the budget have to be rationalized and this is obvious. [passage omitted]

I consider it important that we should deal not only with the affairs of people who voted for the HSP [Hungarian Socialist Party], but we should also respect people who voted for the opposition. Thus, it is not a coincidence that the basic obligation of mine and that of this government is to guarantee peace within and beyond the

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borders. This is an enormous challenge, for national reconciliation and national unity is needed.

In parliament this means that although the opposition and the government coalition are in somewhat different positions, they [the opposition] have to bear responsibility for the country and the people just as we have to. So I would like it if there were less rhetoric, less talk, fewer statements, and more action, united action. [passage omitted]

Horn on Upcoming Review Period on Government

LD2712114094 Budapest MTV Television Network in Hungarian 0600 GMT 27 Dec 94

[FBIS Translated Excerpt] As is known, Prime Minister Gyula Horn held out the prospect some weeks ago of reviewing the government's work in the past six months after the extraordinary session of the parliament in January.

The period of review promised by the prime minister is drawing closer. "Newsreel" asked him about its concrete date and schedule.

[Begin recording] [Horn] We have agreed with the coalition partner on starting the talks during the week beginning 9 January, on 9 January itself. We will discuss everything that has accumulated during the past six months: Style, cooperation, and how we can get attuned to each other better. [passage omitted]

[Unidentified correspondent] So the emphasis is not on the change of personnel, is it?

[Horn] (?The emphasis has not been put on the change of personnel.) However, if we reach a conclusion that some change in personnel will make our work better, then it is obvious that we should not rule it out. [end recording]

New Research, Development Policies Criticized

95CH0033A Budapest UJ MAGYARORSZAG in Hungarian 1 Oct 94 pp 1,6

[Interview with Erno Pungor, former minister without portfolio, by Laszlo Doczy; place and date not given: "Brain Drain of Technical Intelligentsia; Danger Real Due to Lack of Money"]

[FBIS Translated Text] *Erno Pungor, minister without portfolio of the previous government, resigned his post as chairman of the National Technical Development Commission [OMFB]. As a reason for his resignation two weeks ago, the member of the Academy cited his disagreement with the industry minister's new research and development strategy. In the following interview the OMFB chairman will talk about the broader background of this step and about the prospects of research in Hungary. Namely: If there is no money in Hungary as a consequence of subsidy withdrawals, and the technical intelligentsia is not able to work in Hungary, then these people will either look for a different occupation, or will leave the country.*

In the area of technology, migration was huge even before now, but the majority of people continued to work in Hungary in the private sector. The number of people working in technology shrank to one-fourth between 1988 and 1992, primarily due to the advancement of private businesses. Since the middle of the eighties, approximately 4,500 researchers left the country.

[Pungor] The previous government submitted to parliament the money which was awarded to central technological development in the previous year; this year we changed over to a system in which the budget finances this item. Incidentally, a parliamentary representative from the technological field suggested that this money be decreased by 1.2 billion forints [HUF]; naturally I spoke out against it. To be sure, it is actually possible to work with this smaller amount of money. But from the point of view of the country's future it is very important how large this subsidy is. It is apparent that countries where great emphasis is put on higher education, where excellent specialists are being brought back from abroad to teach, where specialists are brought in to lead research institutes and to introduce new technologies, are able to prosper. If someone tries to skimp on this matter, he robs the country of many times the original cost within a few years. For a while results were produced continually [in Hungary], and new products which had been developed in the course of technological research and development were put into production. This process should be accelerated by all means, but it was sentenced to slow atrophy instead.

[Doczy] Prof. Pungor, I suspect this was the primary reason for your resignation.

[Pungor] I resigned my post as chairman of the OMFB not only because of the latest drain of HUF600 million, but also because Industrial Minister Laszlo Pal and Vice Chairman Janos Nyiri developed a strategy that I do not agree with. The essence of the plan is to divide the OMFB, that is to say, the administration of technological development, into two parts. From propositions submitted up to now it seems that there will be an administrative staff which will prepare forecasts, and at the same time it will be able to interfere with the other part which, in turn, will be a bureaucracy. If the two leaders disagree, it can only lead to catastrophe. All of this will decrease efficiency. However, an even more serious problem is that they intend to distribute the funds ahead of time which runs against my opinion. My view is that money has to be awarded where results can be expected. This can be prevented if it is stipulated ahead of time how much money will be given for each task. OMFB's yearly capability is HUF6 billion-HUF7 billion, because there are also returned funds. Currently bids for infrastructure amount to HUF2 billion, and bids for the creation of new products amount to HUF1 billion-HUF1.5 billion. The process also includes basic research, and this area is not in the best shape, either. The policies of the previous government concerning innovation, which I accepted, included that the achievement of results should be supported. One of the means of

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support could be "patient capital" which does not demand a 30-40 percent profit, but is able to wait until the realized idea brings fruit. Another means of support is the reduction of taxes and tariffs in introducing new things [as in the original]. The previous government accepted all of the above, but did not carry them out, and the present government doesn't do so, either.

[Doczy] Is it known yet from which areas Industrial Minister Laszlo Pal intends to take away the subsidy of HUF600 million?

[Pungor] No, because so far the government is only trying to get the statute through parliament. Only afterwards will it be decided who will have the power to determine the reductions, but according to all indications it will be the minister of industry and trade. So far it is impossible to know how the new mechanism will work, but my experience so far suggests that it cannot function well. Because no matter how much money is available for a certain task, there is always an equally great demand. I myself was surprised by this method because when I asked the six-party group of specialists in 1990 what the system of regulation in Hungarian development should look like, both the Hungarian Socialist Party and the Alliance of Free Democrats supported a solution to the problem by a system of bids from the bottom up.

[Doczy] What could be the reason for the fact that technological development was among the first areas from which parliament withdrew a portion of budgetary support ?

[Pungor] They had to fill certain gaps in the budget, and in order to do so, they take money from areas where the lack does not cause an immediate catastrophe, only tomorrow when, however, it will prove many times more detrimental.

[Doczy] Prof. Pungor, what do you regard as the greatest achievement of the past four years?

[Pungor] I put in the first place that the OMFB was able to assist the infrastructure of Hungarian research and development with HUF10.7 billion. Within this area, we were able to improve computerization to a large extent, and we were able to assist a number of Hungarian researchers and developers in participating in international conferences. We obtained instruments for new technologies which had previously not been used in Hungary. Another direction is the establishment of the bottom-up system of bids, the effectiveness of which is apparent from the fact that a considerable part of finished projects went into production. Third, we formulated a few national projects, such as the placement of nuclear waste or space information technology. There is no central directive to stipulate what has to be supported. It makes me proud that the available money was used so well due to the bottom-up system of bids that it could not have been planned better from above. Finally, we put the bases of Hungary's scientific international relations in order, both bilaterally and multilaterally.

[Doczy] I believe that looking over the achievements, we must by all means speak about the Zoltan Bay institutes, as well.

[Pungor] They are connected to what we spoke about in so far as in my capacity as chairman of the OMFB I proposed to the government to develop a system of institutions which, located in the vicinity of universities, would conduct applied research, and researchers would work together with various industrial units. Such institutions were so far established in Budapest, Miskolc, and Szeged, and they have the purpose of "practicing for" applied research on the one hand, and on the other, the education of a generation which will be capable of launching and operating businesses with cutting edge technologies. I have to say that several of our specialists who work abroad returned to the Zoltan Bay institutes.

[Doczy] Prof. Pungor, what will you do now?

[Pungor] I will continue to lead the Zoltan Bay institutes as director general, and continue my research which I never interrupted even in the previous years.

Budapest Minority Office Official Visits Ukraine

95CH0058A Uzhhorod KARPATI IGAZ SZO in Hungarian 15 Nov 94 p 4

[Interview with Dr. Erika Torzsok, deputy director of the Office for Hungarians Beyond the Borders, by Bela Szabo in Berehove; date not given: "There Will Be Less Boasting and Less Antagonism—An Exclusive Interview with Dr. Erika Torzsok, Deputy Director of the Office for Hungarians Beyond the Borders"]

[Text] *Dr. Erika Torzsok, deputy director of the Office for Hungarians Beyond the Borders, recently visited Beregszasz [Berehove]. She came with the delegation which brought books as a gift to the local Hungarian college from the SZDSZ [Alliance of Free Democrats] faction of the Budapest District 11 local government. We took this opportunity to ask her for an interview for the KARPATI IGAZ SZO, regarding issues that also involve Hungarians living in Karpatalja [Subcarpathia].*

[Szabo] We know that there are new faces among the leadership of the Office for Hungarians Beyond the Borders, including you. Were there any other changes or has the political line of the HTMH [Office for Hungarians Beyond the Borders] been modified?

[Torzsok] The structure of the Office for Hungarians Beyond the Borders was developed during the past four years. At present, there are four main regional departments, proportionately sized to the distribution of the current Hungarian population beyond the borders: the Romanian Department, the Delvidek [Southern country] Department, the Felvidek [Upper country]

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Department, and the Karpatalja Department in one group, together with the Main Department of Western Hungarians.

After the 1994 elections, we separated the Press Department and Control Department which until then constituted one department, and we also created a Main Department of Economic Cooperation and Development. In addition, we also have a Main Department of Coordination and a Main Department of Legal Affairs.

[Szabo] In view of the fact that there are government agencies and ministries which deal with economic cooperation, why did the Office for Hungarians Beyond the Borders take that responsibility, too, upon itself?

[Torzsok] Those who during the past four years have followed the lot of minorities living in the Carpathian Basin must have recognized that only economically independent minorities are capable of creating and running their own institutions.

It is important and natural that the Hungarian Constitution mandates the given government to be committed to the [Hungarian] minorities. The areas of this [mandate] must be redefined, i.e., areas of support must be separated from areas of cooperation. Those areas which can only depend on support from Hungary must also be separated from the others. These areas must be clearly separated in order to eliminate the bad feeling of everyone thinking that the other person gets everything, and to eliminate the feeling of dependence as well.

Actually, there are three main areas of minority work. One is, traditionally, education. In this area, too, there have been certain changes. Wherever possible, we would like to implement the government policy that conditions for livelihood must be created in the given regions. In the future this will mean that we will want to award most of the stipends in the given regions. This way will be more efficient and will make it more probable that most intellectuals will not leave home.

[Szabo] Does this mean that fewer people will study in Hungary?

[Torzsok] There are two parts to this question. Everyone has the human right to choose where to live and where to study. The emphasis will change in the kind of support one will receive. The Hungarian Government intends to provide stipends for study mainly at local institutions. This involves not only students but also faculty in order to avoid a brain drain, an intellectual colonization, so that a teacher will not have to go to Nyiregyhaza or Debrecen to teach in order to make ends meet.

Another large area of minority work is culture and information. Beginning in 1990, a great change took place in this area, for the region can now get connected to, and use the results of, the information system which emerged throughout the world during the 1970's. What freedom of the press means today is that one can get connected to the international network through electronic media practically within seconds and one can use sources for news, and thus a region does not have to be isolated and provincial anymore, even though the crossing of borders is still rather problematic. Obviously, we must pay attention to this second large area, differentiating between things that must be created through local resources and things in which the Hungarian Government can offer help to the given minority.

The third large area which I think has been completely neglected during the past four years is the possibilities inherent in economic cooperation. In Hungary, just as in the neighboring countries, the process of privatization and economic restructuring began only in the last few years. We think there are great opportunities in this area where a completely new structure of ownership must be developed, and we think it is imperative that the Hungarian minorities not be left out [of this process]. Unfortunately, there is a penchant for discrimination in the neighboring states to begin with and, to offset this, we must find possibilities for cooperation and resources which would actually bring the minorities beyond the borders up to par with the majorities living there.

These are then the three large areas. And, as I mentioned, even within these areas, we differentiate between support that is based on an absolutely non-profit principle, and cooperation in which things happen through mutual responsibilities and risks. There are situations where it would be the responsibility of a given country to maintain and operate institutions, because the Hungarian minorities are also tax paying citizens, but the economic situation in these countries is well known and, unfortunately—because of a lack of political will and because of habitual attitudes that developed during the past decades—there are often shortcomings of such magnitude that the given Hungarian government should be compelled to take action so that the resources are directed there in order to preserve the identity of the minority living there. This means, then, that the level of the past four years must be maintained and much more efficient ways of using the resources must be found—in cooperation with the minorities, of course.

Thus, in the future we do not wish to interfere with political conflicts and internal strife which were, unfortunately, characteristic of recent times but instead would like to concentrate on the [aforementioned] areas. By the way, it was natural for events to lead this way because even if one is part of a minority, one also has political identities.

[Szabo] In connection with this, I want to ask you what your opinion is on the divisiveness that is apparent among the Hungarian minorities of Karpatalja or—perhaps I can say without exaggerating—the entire Carpathian Basin? What is this? Is it resistance or a natural process?

[Torzsok] I think that we must look at it as a natural process even if it entails much anomaly and antagonism,

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because the manifestation of political identities is a natural part of political culture. At the same time, our political culture is, unfortunately, in a state in which we are able to formulate this political identity by and large only for ourselves, and this is where the problems begin. I think that we must concentrate on finding some answers to the great challenges, the future of Karpatalja Hungarians; we must concentrate on finding the answers to what institutions we need for fostering this culture, and what a person who wants to remain a full-fledged member of the region needs in order to be able to use his native language and to preserve his complete identity. If we concentrate on finding answers to these questions, then there will be less boasting and less antagonism because people then will be occupied by their everyday work DD perhaps even if they do not have to struggle so hard anymore for a livelihood as they had to in recent years. This is, after all, a natural thing, and we can see even in western societies the large number of associations and cultural establishments, which contribute to the true wealth of society. Of course, we must exert a positive influence on the majority of the given state for them to view the existence of minorities as a natural thing that enriches the region instead of being suspicious about these activities.

[Szabo] It was said at the last general meeting of the KMKSZ [Cultural Federation of Subcarpathian Hungarians] that certain political circles in Hungary interfere with the internal affairs of Karpatalja Hungarians, thereby promoting disunity; the Office for Hungarians Beyond the Borders was also criticized, and one of the speakers accused chairman Csaba Tabajdi of playing a double game... In other words, some people claim that Hungary is also guilty for the disunity within the KMKSZ and the resulting emergence of several other organizations...

[Torzsok] Actually, I have already answered that in the foregoing, for I think that pluralization within a minority society is actually a natural phenomenon. Those who differ are either paranoid or spiteful. I think that everyone can find a task here, and it would be good if everyone would find the way in which they want to carry out these tasks. I believe that in this region a way must be found for this diversity to work. At the same time, there are situations, of course—e.g., in the case of an election—in which the different political forces should not be at each other's throat but should form a coalition, not against but for something.

[Szabo] Most often, the cause for debate is financing, i.e., the support offered to the minorities by the Hungarian government... You stated earlier in the UJ SZO of Pozsony (also reviewed in the KARPATI IGAZ SZO) that the old system of support was not entirely appropriate. What changes can be expected in this area? Or, putting it differently, does the HTMH see any solution which would not elicit antagonism between the various Hungarian minority organizations?

[Torzsok] Karpatalja is an entirely unique situation. Hungarians living there cannot expect any outside resources. The economic situation here is well known; people's incomes are the lowest in the entire region, their average wages are even lower than the wages of Hungarians living in Romania, goods are not as readily available, and inflation is the highest here. Obviously, the Hungarian government cannot solve the Karpatalja Hungarian community's everyday problems.

[Szabo] Of course...

[Torzsok] However, ways must be found for the minority to be able to operate its own institutions. By year's end the minority policy, and the allocation and operation of the resources must be redefined. One of the basic requirements is to make it possible for everyone to submit their application, which should clarify their ideas, and to provide clear projects—on a mutual basis, of course. Because those who live here know best in what areas the shoe pinches—if I may put it this way. Thus, in the near future we must deal with the processes that have already been started, e.g., with Beregszasz College which, unfortunately, raises many open questions. Although BC has been formally opened, some political tasks remain, namely, it must be placed in the Ukrainian education system, government approval and support must be secured, and it must be legally registered. This is the only way to guarantee BC's long-term future. Many things are needed until BC becomes a real cultural center instead of merely an institution granting degrees to its graduates. All this must be carefully considered, and partners must be found. Resources directed to this area can be used for financial support; on the other hand, the Office for Hungarians Beyond the Borders thinks that its role is primarily coordination and management. Thus, money is just one factor. Creating cash flow is not the main task; although it is important and necessary, it is not sufficient for a minority community to live a healthy life.

With regard to the media, these applications would in part solve this problem, but in education we must think hard on how to avoid the continued brain drain which started with the opening of the borders. It will be the task of the coming months to look for possibilities but, again, this can only be done through cooperation. For conditions on the two sides of the border are different. We must therefore involve legal experts, managers, and economists in our work. Karpatalja is in a position in which it would be possible to obtain professional degrees on the other side of another border, i.e., in Slovakia, at the Kiralyhelmec College of Economics.

[Szabo] In other words, you are referring to a cooperation between the regions...

[Torzsok] Precisely. This is what we must consider, not only in the area of economic cooperation but also in that of continued education.

[Szabo] Thus, the Office for Hungarians Beyond the Borders—as you said earlier—considers every minority organization a negotiating partner...

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[Torzsok] Yes, every legitimate minority organization...

[Szabo] Are HTMH's new leaders not concerned that the older minority organizations were formed on the model of the MDF [Hungarian Democratic Forum]?

[Torzsok] I think it was natural that the Hungarian minority communities beyond the borders copied, as it were, the results of the Hungarian elections following the first free elections. At the same time, it is apparent that the second elections were followed not by a change of regimes but a change of administrations, which is entirely normal in a democracy. There must be a continuity in foreign policy and economic policy; with regard to the [new] minority policy, it should preserve all of its good aspects (for before 1990 Hungarian foreign policy was not allowed to deal with minorities beyond the borders). On the other hand, we must learn from the mistakes that have become apparent by now, and we should continue to cooperate in the spirit of the minority policy outlined above. In the case of the Office for Hungarians Beyond the Borders—as I have already said—the essence of this is coordination and management, the strengthening of the minorities' internal structure, and the acceptance of diversity as a natural phenomenon of identity. At the same time, I think that what we must concentrate our strength on in the future is not the political parties and organizations; instead, we must strengthen the civilian sphere of the minority communities. Therefore, when I say that projects must be clearly defined and managed, then I also say that, in my opinion, it is not desirable to interfere with internal political debates, which will unavoidably surface and which supposedly are manifestations of a temporary period. I want to emphasize again that I think the most important thing would be to develop the institutional system of these civil communities and to strengthen the healthy processes which guarantee a livelihood in one's birthplace and which serve the preservation of the minority Hungarian culture.

[Szabo] I wish you good luck in implementing your ideas, and thank you for our talk.

Hungarian Mayor of Kralovsky Chlmec Interviewed

95CH0060C Bratislava UJ SZO in Hungarian 22 Nov 94 p 4

[Interview with Istvan Pasztor, reelected mayor of Kralovsky Chlmec, by "gazdag"; place and date not given: "We Have a Good Team..."]

[FBIS Translated Text] ["Gazdag"] Mr. Pasztor, was it more difficult to win than four years ago?

[Pasztor] I think so. Especially because one of my opponents did not exactly use honest means against me. Also, certain people tried to divide the mass basis of and the unity between the Coexistence Movement and the Hungarian Christian Democratic Movement [MKDM], the two movements which nominated me.

["Gazdag"] What was the most important factor in your victory? The fact that you ran as a candidate of the above-mentioned two movements, or your previous track record as mayor?

[Pasztor] In my opinion, both.

["Gazdag"] You are also a representative to the national parliament. Will you have enough time and strength to take care of both offices?

[Pasztor] So far I think I will be able to do it. I thought a lot about whether I would be able to do both, or rather, how I could coordinate the two activities in such a way that it would not be to the town's detriment, rather to its benefit. Well, undoubtedly one needs a competent and efficient team to take care of local business. Based on the experiences of the previous four years, I think that this team is basically present in Kiralyhelmec [Kralovsky Chlmec]. I am thinking primarily of the body of elected officials, and of certain committees and institutions. I trust that beyond the Coexistence and the MKDM, we can expect powerful help from the Hungarian Civic Party and the Party of the Democratic Left, as well. For instance, these two parties acted in a very honest, democratic manner in the course of the municipal elections. Of course, we intend to work with businessmen, the organization of Gypsies, and the remaining parties and groups, as well.

["Gazdag"] What did you fail to accomplish to your satisfaction in the past four years?

[Pasztor] It is a fact that in urban development we did not accomplish all our plans. For instance, completion of the construction of the new elementary school is still pending, and we would like work with businesses to reduce unemployment. I will strive to increase the authority of local governments, and to increase the economic role of natural administrative regions in the spirit of the Komarom [Komarno] conference.

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Sejm Overturns Walesa Veto on Wages Law

LD2312171794 Warsaw TV Polonia Network in Polish 1600 GMT 23 Dec 94

[FBIS Translated Text] This news just in: The Sejm has overturned the presidential veto against the law on wages in the public sector. The required majority was 284 votes, and 301 deputies voted to reject the veto.

Walesa To Decide Next Step

LD2312173494 Warsaw PAP in Polish 1650 GMT 23 Dec 94

[FBIS Translated Text] Warsaw, 23 Dec—Presidential spokesman Leszek Spalinski has told a PAP journalist—after the presidential veto on wages in the public sector was overturned by the Sejm—that Lech Walesa has several days to decide whether to sign the law or to move against in the Constitutional Tribunal.

The president is to make the decision after Christmas. The spokesman stressed that the presidential statement that he would not allow harm to public sector workers remained valid.

Walesa Meeting With Coalition Leaders

LD2112134694 Warsaw TV Polonia Network in Polish 0830 GMT 21 Dec 94

[Live relay of meeting between President Lech Walesa and leaders of government coalition parties at the Sejm]

[FBIS Translated Text] [Correspondent Grzegorz Miecugow] President Lech Walesa has arrived in the room where the meeting between the coalition and the president is to take place.

At the presidium table we have the president; Aleksander Kwasniewski, head of the Democratic Left Alliance [SLD] parliamentary group; Sejm Speaker Jozef Oleksy; Prime Minister Waldemar Pawlak, and Senate Speaker Adam Struzik.

[Kwasniewski] Ladies and gentlemen: I would like, if I may, to open this meeting. On behalf of the presidia of the parliamentary groups of the Polish Peasant Party [PSL] and the Democratic Left Alliance I would like to welcome the President of the Republic, Mr. Lech Walesa. Welcome. [applause] I would like to welcome the persons accompanying him and invite them to take their seats, since....

[Unidentified voice, interrupting] They are here, they are here.

[Kwasniewski] They are here, are they? I would like to welcome our colleagues from the presidia of the two parliamentary groups. I would like to welcome the members of the government, and I would like to welcome the numerous journalists, representatives of television and radio, and since we know that this is being relayed, I would also like to welcome all of you, ladies and gentlemen, who are watching our meeting.

In accordance with the president's suggestion, the agenda of these proceedings should be determined in full view. That is, in the presence of not only us here in the room, but also the television viewers and the listeners. So here you are, Mr. President, you have the first choice as far as proposals for the agenda of the meeting go.

[Walesa] Thank you very much for the warm welcome, and I would like to get down to work straight away.

The way I see this meeting is as follows: First, someone has to chair it. From what I know, you have agreed, ladies and gentlemen, that that will be Mr. Kwasniewski. However, Mr. Kwasniewski is a side in this, whatever way you look at it. So, I have no reservations, right you are, let it be Mr. Kwasniewski, but I would like to see him as a side. If he is only going to chair, that is very well; there are no doubts whatsoever. However, if he is going to comment, I think that after every contribution or comment there has to be a reply from me, because I am here on my own. Just as after every contribution by you, ladies and gentlemen, there will be a response from me, because we treat each other as partners. There is no point in putting forward any other proposals here. So we get the chair, a contribution, and a response; if he himself makes a contribution, there is also a response. That is all I wanted to suggest, ladies and gentlemen. Thank you.

[Kwasniewski] Mr. President, if I could make a small explanation here. Meetings between the presidia of our parliamentary groups have for some time been a tradition in the coalition cooperation, and we have adopted the following principle: They are alternately chaired by the chairmen of the parliamentary groups, of the PSL, that is Mr. Waldemar Pawlak, and by myself. It is an honor for me that today it happens to be my turn to chair, something I am very happy about, but I also understand the responsibility involved, so please have no fears that I will take sides while chairing the meeting. I, of course, retain my right to express views, but on identical basis to the other participants in the meeting. That is, not while I chair the proceedings.

So, if we could adopt this principle—since the invitation for the president came from the parliamentary groups—that we can proceed as is customary for the presidia of the parliamentary groups, I think we should overcome the first problem. Second, of course, we would like to assure you in every way that any observations you may wish to make, Mr. President, we will be glad to hear. There should be no fears here that opportunities to speak would be restricted.

However, I would like to ask how we see the opening of this, because perhaps we should begin with the longer contributions. After all, this is not a news conference but a political meeting, and I think the main essence of this meeting is that we should speak about specifics, rather than having another live television debate, since, as I

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understand it, most of us are used to such debates, although that is not the purpose of this meeting.

[Walesa] Well, I think we are speaking about the same thing but in different ways. If I spoke of the right to reply, then I feel that there will be the same time for you as for me. Otherwise, you would be putting me on the carpet, so that I can explain myself, that you will give me the right to speak. Oh, no sir. You look to the clock, the same time that you have for yourselves, I have for myself. Then everything is okay.

[Kwasniewski] All right. Mr. President, I understand that you have had bad experiences associated with meetings at the Sejm, and we also draw the conclusions from this. So, I guarantee you that your last experiences, Mr. President, will not be repeated. On the other hand, I think that it will be more important for us to pass to the substantive discussion. Thank you.

Only now, I would have to agree, I understand the first substantive speech will be from the prime minister, yes? Or the president?

[Walesa] I am invited, so I do not know which.

[Kwasniewski] Ladies and gentlemen, in such a case I will give literally just a few words by way of introduction, so as to commence this in some kind of way, after these little procedural difficulties. I judge that we are in a rather particular situation, since this important political meeting of the presidia of the parliamentary floor groups of the governing coalition with the president is taking place in the presence of the television cameras, the microphones.

In association with this, my first request to all of us is that we treat this as a political, substantive meeting; one that is to lead us to answers to important questions—to, perhaps, important decisions. That is, a serious discussion on Polish matters and not just a lesser television program. Although, I address the television and television viewers with all due respect.

I will start with this first remark: It has come about as a result of democratic elections in 1990—in which President Lech Walesa was chosen, and also the elections in 1993—that there rests on the company of those present at this meeting responsibility for what is taking place in Poland today, and for that which will take place in Poland tomorrow. This is a responsibility that is enormously burdensome and important, of which we are all aware, and this should incline us precisely towards a dignified discussion on what is to be done in Poland, what our tasks in the successive year of activity are—both that of the government and that of the president, and that of parliament and all of us who fulfill their posts from the mandate of the electors, from the democratic mandate of the electors. Speaking very clearly, it must be said that in this chamber there are those who are answerable, and none of us can indicate a friend or someone else who is responsible for matters, for precisely this company and these people, with a democratic mandate at their disposal, must be aware of the fact of responsibility for the country.

In the course of this meeting, Mr. President, we wish to discuss what Poland might expect and what we wish to propose for Poland in the successive year, 1995. We are on the eve of the New Year. This is, I think, our mutual concern and mutual responsibility. We feel that our society, our fellow citizens, deserve such a reply. The president many times spoke of the need for the existence of a main plan. We agree, that such a main plan should exist.

We, absolutely, are of the opinion that in the Polish constitutional order, for the main plan to be successfully implemented, there is need of the cooperation of all public institutions, all the leading power bodies—the president of the republic, his office, and parliament, the Sejm and Senate, and the government. Also, capable cooperation with the self-management structures elected this year, and which are a significant component of the democratic structure of the state, are also, I think, a very important component in the co-responsibility of citizens for what is taking place in Poland.

We see, Mr. President, two possible scenarios for the year 1995. The good scenario, the positive scenario, which we favor with all our hearts, and a scenario that might also ensue, bad, negative, which we warn against, and which we would not wish to bring about, and which might become the cause of very many unnecessary conflicts, and above all loss of time for society.

How do we see the positive scenario? We see that the undoubted obligation of all of us is the assurance of economic stability and political stability in Poland in the coming year. The condition for economic stability is the adoption of the budget for the year 1995. This is our obligation, the obligation of the ruling coalition, the obligation of the government, the obligation of parliament. We believe that despite all the doubts that the budget arouses, despite the discussions that we should to hold—open discussions on the subject of the budget as well—there is the conviction that the budget is the indispensable factor in the stabilization of the Polish economy. Although, we do know this is not the budget of our dreams; this is rather more a budget of necessity, a budget of limitations. We feel it should be adopted.

We feel that the year 1995 should be a year of the maintenance of, and struggle, firm struggle, for the maintenance of economic growth, which—who knows—whether it is not the greatest opportunity and the greatest hope for Poland. The last two years have given high economic growth. Such are the prognoses for the coming year. This is served by the Strategy for Poland prepared by Deputy Prime Minister Kolodko. We feel that it is the joint responsibility of all those who answer for the fate of the country, the struggle for the maintenance of economic growth. It will determine all our opportunities for the future. It will also determine our place in the world.

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We see the resolution of social problems as the third task in this positive scenario. There are very many of them. The president recently spoke about many of them. It is spoken of by r presentatives of the government, it is spoken of by parliamentarians. It is thus time to consider, in what is a very specific discussion, how to struggle against unemployment, how to help the weak, what system of welfare policy should be in place in Poland, how to carry out reforms of the systems of social welfare care and the health service.

The reforms, all those of which I speak of at the moment, require not just very wide social consultation, not just support on the part of the various components of the structure of the state, but they require a great social consensus. These are reforms that are difficult, risky, associated with many very unpopular decisions, but necessary if this system is to be healthy, if it is to serve people. I wish to say that it is not a coincidence that for four years, also that period for which the president has been holding his esteemed office, none of the governments have undertaken this kind of reform. That is because it is so very difficult, so very risky. For it to be carried through, it is necessary that there be a social consensus. Political stability is also [?necessary]. In other conditions, there can be no question of any deep reform of welfare policy, for there will not be either the climate or the conditions for this, or the courage, the political courage. Here too it would be very germane that the main heroes of the political stage, with the president at their head, come to an understanding, and that we find a joint opinion, and joint concepts for how to do this.

In this positive scenario we feel that such a construction, both of the internal picture of Poland and the external picture, is required to enable our talks with the European Union to focus on specifics, to make our talks with NATO focus on specifics, so that all that is the strategic aim of Poland be implemented, precisely in conditions where Poland has a good opinion and a positive scenario and not a negative one.

In this positive scenario there are two very important components from the point of view of democracy and the trust in democratic institutions in Poland. One is the constitution, on which we are working with pain. In our opinion, if it were to be prepared with joint forces, precisely in conditions of civic compromise, in cooperation with the president, there would be a chance that such a modern standard, the basic law, would be created within the envisaged deadline, of 1995. The task is a difficult one, but in our view indispensable. After five years of democratic experiences, and in a situation that is difficult, where most of the states of central and eastern Europe have modern constitutions, Poland continues to be a country without a constitution and with various provisional arrangements.

We also feel that a stable political calendar is very necessary for democracy and for trust in democracy in Poland, so terms of office last as long as stipulated by the constitution, and so elections take place at the proper time, irrespective of whether these are self-government, local elections, parliamentary elections, or presidential elections. We feel that treating the terms of office or the length of a term of office as a political argument has not served political stability well and that it does not increase trust in Polish democracy, and in the world as well, but above all among our own citizens.

With such a positive scenario, we feel we could jointly assure the development of Poland. We could finally, after many years of expectation, and after many years of sacrifices, propose to citizens tangible results from the reforms that we have been continuing since 1989. We could also, not without significance and perhaps most importantly, create a perspective for those living in Poland today and for future generations, a perspective for a strong position of Poland in the world—a world which has ever decreasing sentiment in relation to us and is ever more demanding, and which judges all the activities that are undertaken in our country ever more coldly and severely, irrespective of whether they are undertaken by the president, the government, the coalition, or by particular politicians.

As far as the world is concerned we are one, and I think we should understand that.

Mr. President, we believe that such a positive scenario is an opportunity which must not be lost and a challenge to which we should measure up. We think that collaboration between all of the political forces, all of the political groups in Poland which are responsible for development, will make this is possible.

Now, briefly, about a negative scenario. I do not want to go into great detail here, because I fear predictions that have a tendency to come true. But I think it would be a bad thing if 1995 were to be a year of a never-ending political campaign, if all political and social activities were entangled in a political campaign which is obvious and connected with the approaching presidential elections. We belive that this could have exactly the opposite effect: not to solve any problems but rather create new, unnecessary sources of conflicts and disputes.

It is bad when politicians, and we say this of ourselves self- critically, when politicians are absorbed more in themselves rather than in solutions to problems. We believe that it is the duty of all of us to concentrate on the great issues we all face. It is very bad when politics encroaches on the economy so much that it is impossible to hold a serious economic debate—a debate involving figures and calculations—which instead is dominated by politics, by the seeking of various pretexts for attaining political objectives. We believe that this is a very unfavorable phenomenon. We also think that it would be very bad in the negative scenario if there is no normal communication or dialogue between the main participants in the political life of the country, those who are responsible for Poland's affairs.

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We could, of course, broaden and develop this negative scenario. We would very much like the Polish public, those people who are watching us, to conclude that such a negative scenario could not be realized in Poland, that we are all aware that it would be a waste of time for which no one would forgive us—not those living today nor those who perhaps do not have much to do with politics yet—but will feel for themselves the effects of our negligence and neglect. I also think this would be disastrous for Poland's future.

Thus, we would like to suggest the following to you, Mr. President, so that our discussion is as specific as possible, in order that through it we seek solutions: It is certain that there are many disputes, and we are realists. We know we will not avoid them in the future, but what we are interested in is the possibility of creating a mechanism that will minimize the number of disputes and provide opportunities for constructive solutions. In this respect we approach this meeting and cooperation with the president with continuing faith, since it has transpired many times that it is possible to collaborate and compromise, and to find good solutions, although this is far from simple. It is far from simple because, for instance, just before entering this room we were presented with the vetoed act on pay in the budget-financed sector. This too illustrates the magnitude of problems we all face, but perhaps this discussion will allow us to get closer to positive solutions on other issues.

This is all by way of introduction. Undoubtedly the president and the prime minister can also have as much time; everyone will be able to speak his mind freely. I guarantee this as the independent chairman of the meeting.

[Walesa] Ladies and gentlemen: That was exactly 12 minutes. I would like to say that all of us here should take this as a parable [as heard]. Because what Mr. Kwasniewski said, there is no one who does not want to accept this, that we want to have a constitution, that we want to have a budget, that we will serve the people, that we want to be responsible for the country, so there is nothing to debate here, because there is no healthy man in this country who would want it otherwise, who would not be willing to put his name to this. That is why I propose that we be serious and that we start a discussion about the subjects that really divide us and where there are different points of view, rather than talking about things which are obvious to anyone who fulfills any kind of public role.

I have used up just one minute. Go ahead.

[Kwasniewski] Prime Minister Pawlak.

[Pawlak] Mr. President, Mr. Speakers, Mr. Chairman: This meeting allows all of us to report on our activities and work, and to consider what else we can do together for the public and the country. The end of the year is approaching, which is a time when one usually sums certain things up. I would like to devote a few words to an attempt to sum up our joint activities in the international, social, and economic fields.

The year 1994 is a year when Poland's position in Europe and the world became stronger. This year achieved a reduction in our debts to the London Club and the second tranche of our debts to the Paris Club.

This is $6.5 billion at the London Club alone. This is one and a half times as much as all the expenditures within the health service.

The position of Poland in the region has increased [as heard]. We have had good cooperation, which was visible if only in the recent meeting in Poznan, of five prime ministers from central eastern European countries, that was devoted to the development of a free trade zone. In international trade, our participation has increased, and to be sure, there is still a deficit, we are still importing more than we export, but this negative balance is barely one-quarter of what it was in the year 1993.

In the sphere of social welfare, we have concentrated on helping the most needy and creating conditions for the most able. Here, we are assisting people and we have to pay debts. In our first activities, we concentrated on the increase of minimum pensions and annuities. At the end of the year, we presented proposals regarding changes in the system of family welfare assistance so that greater resources be shifted in the direction of families that attain low incomes, so that assistance resources be concentrated there.

It is very important, when we speak of these welfare matters, to raise the issue of the repayment of debts, both internal and external, including in this also repayment of the hidden indebtedness, the indebtedness hidden in the payments backlogs. This is particularly visible precisely in the health service and in education. And in these areas, the government took the decision, still back in September, to resolve the problem of indebtedness in the health service, where we allocated 4.2 trillion zlotys [Z] for this purpose and in December an additional Z2.6 trillion. That is Z6.6 trillion in total. We have allocated Z3.5 trillion for education, specifically for debt rescheduling. These are backlogs from the years 1990-93. And, if we consider the possibilities of improving the situation of employees, then as in every enterprise first it is appropriate to start from making it healthy, and then only to think about remuneration. This is the secret of why things are not improving as quickly as people expect. It is enough to look at the draft budget in 1995. Repayment of domestic indebtedness for the years 1990-93 comes to Z12 billion. This is rather more than all the expenditures on the entire health service.

As regards the economy, then I think that it is possible to draw attention to a number of components. To the increase in industrial production, to the increase in exports. In general terms, in the year 1993, the negative balance came to $2.7 billion. At the end of 1994, it will assuredly be smaller than 800 million [currency not specified].

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As regards to agriculture, we also have a change here. Last year we imported $200 million more worth of food than we exported. This year, the situation has reversed. This surplus comes to $300 million, and this is a concrete result and example of how agriculture can contribute to the development of the country. The introduction of solutions such as equalization payments and other solutions supporting domestic production in agriculture means that this year I assume that we will have, for the first time, a situation in which the prices of meat, for instance, will not increase before Christmas.

In the enterprises sector, we are observing that there is generation of net profit. This allows for the payment of taxes and for the repayment of mutual indebtedness between enterprises.

It is possible to seek out various indicators and various sets of data as regards a summing-up, but I think that the most practical is one that people observe directly in their own homes. In 1994, 640,000 young people entered into maturity—passed their 18th birthdays.

At the same time, 400,000 Poles reached retirement age, and simultaneously, unemployment fell by 60,000. It is easy to calculate that over 200,000 jobs have been created, and so in over 200,000 families there is a greater certainty of tomorrow, for people are employed. However, it is still necessary to remember the fact that 2.8 million Poles are still without work. These are the enormous tasks that stand before us. What more can we do together?

As regards social welfare matters, successful solutions are assuredly necessary, improving the situation in education, the health service, education, culture, pensions, and annuities. The point is also to obtain solutions in the sphere of social welfare assistance and the counteraction of unemployment, for these problems relate to many millions of Poles. In the economy, it is important that we strengthen economic development, that we are capable of exploiting our opportunities, and also are capable of transforming troubles and difficulties into advantages. For much was said about, for instance, the problems in mining, in agriculture. After all, this can be our strength, for mining gives us energy self- sufficiency. If the economy continues to develop, then it will be necessary to think about independent energy supplies. Agriculture, as I have demonstrated taking the example of the current year, can also be that area of the economy that contributes to export and, at the same time, to the improvement of the situation of the entire country.

As regards public administration, our joint task might be to improve the functioning of the administration, for it to have a more serving role in relation to society. So that, in this new language, it be more oriented towards the client.

As regards foreign affairs, here it is very important that we strengthen the position of Poland in Europe, the world, the region. So while taking part in processes of European integration and cooperation with the West and the United States, we remember to develop cooperation in the region with our neighbors and to also create markets for our economy and industry, in the east and in the far east.

To end, I would wish to stress that today, for Poles, it is not important who does what to whom, but what every one of us has done, and what more we can do together for people and the country. I think that we can consider this now.

[Kwasniewski] Thank you Mr. Prime Minister. Mr. President, please.

[Walesa] Ladies and gentlemen, as the president I wish, in the name of the people, to thank the government for wishing to do anything at all, which it judges to be, that it has worked hard very well and attained a lot [as heard]. I judge precisely the opposite in the fragments which I wish to discuss. I propose that we move to the discussion, for in five minutes time they will turn off the televisions on us.

[Kwasniewski] Mr. President, I think that we have no reason to be so concerned about time. Arguments are judged not in terms of time, but in terms of their weight. We would wish to hear the arguments, those on your part as well.

[Walesa] By all means, but not arguments such as that we have received someone, that we know that it is necessary to cooperate with America, that it is also necessary to cooperate with Europe, that it is also necessary to cooperate obediently with Europe. Fine, if we notice that the Soviet Union exists, the former Soviet Union and Russia—after all, everyone knows that and that is probably not what we want to talk about. That is not what you invited me for. If I knew that it was for this, then I would have refused such a meeting. We wish to talk about specific matters that really interest us our people and society. Not talk about general things which we have discussed for 50 years.

[Kwasniewski] Does the president expect that questions will be asked?

[Walesa] Not questions only; only first things first. You said the Constitution; you said the budget.

[Kwasniewski] Fine, perhaps we will start here.

[Walesa] You talked about the law that I vetoed. By all means. These are things that must move us forward.

[Kwasniewski] That is so, Mr. President.

[Walesa] And not generalities that ...

[Kwasniewski interrupting] Mr. President.

[Walesa] ...we can read in the TRYBUNA daily.

[Kwasniewski] The coalition, the government coalition feels that the budget should be adopted and it expects

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that the president understands the necessity of adopting the budget, for the economic stability of Poland. That is all for now.

[Walesa] Thanks a lot. Finally, we are beginning to speak not like geese but like everyone, like ducks.

Ladies and gentlemen, I would now like, since we are beginning to talk like men, to speak about the budget. I would like to draw your attention to the fact that, as the president, I have been struggling with the budget for the fifth time now. Something like this is adopted every year, in every state, and especially in Poland. I would like to draw your attention to the fact that our budget differs from the budgets of Western countries, and that it must differ, because as Poland, we differ from the West. The budget in the West, and the deputy prime minister will assist me in this, is composed above all of the taxes people pay, and additional various other payments.

In Poland, on the other hand, you can only look at the budget the way it is looked at in the West, and that is why they very often point out to us: Listen, do not wreck the budget; otherwise, the whole country will float down the river.

They forget that Poland and the postcommunist countries look a bit different. Apart from the budget, they also have to make economic reforms. Economic reforms and great transformations. That is why when inflation appears in a Western budget; it is a great tragedy. I want to say that if it appears in Poland, well, I do not know if that would not be our greatest victory.

Now I will show you why. Because we have to speed up privatization processes, we have to give away everything there is, in Warsaw, in Gdansk, all free plots of land, all the buildings which until this day no one knows who they belong to. We have to give everything to the people to enfranchise them. Because we cannot enfranchise them any other way, perhaps let us enfranchise them at the cost of inflation. Why, I ask.

I will put the question another way. Gentlemen, let us ask the doctors and the teachers if they are needed at all. That is the question which should be asked here. I think we do not have enough and that the needs are even greater. If so, let us ask the second specific question. Do they get money for this? For their work? The answer will be—because everyone has already been to see the hunger strikers—that is right, we agree with you, indeed, we do not pay you. The difference between me and you is that I, when a problem appears, I want to solve it and not make school sums out of it. I want to do something for Poland, I want to understand the poor guy that is going hungry and to find money for him, whereas you say no, because in math, three threes is six and cannot be eight.

[?Borowski] Nine.

[Walesa] All right, let it be nine.

[Kwasniewski] It is nine.

[Walesa] I say it could be 20, if we think in a slightly different way and make a difference between our budget, our economy and Western economy. That is why we should tell these doctors and these teachers whether they are needed, and this is the question I demand an answer to.

Are there too many of them? These are the questions. The answer is there are not too many, so let us pay them. We have to find resources to pay for their labor, and not take shortcuts like you are doing, using the budget to scare people with if there is no budget, they will not get anything at all.

I want us not to forget that we are supposed to solve problems and not do school sums, which in fact no one—nobody sensible in this country or throughout the world can disprove—can disprove, because when it is 10, they cannot make it 12, unless they are a miracle worker.

The accumulation of the budget, the way with the budget, the possibility of solving these problems, well, you have to seek this, rather than taking the easy way out. You are taking the easy way out, and that is why I hold this against you and I am going to veto. Because money—this—I said during the last discussion, when [Deputy] Prime Minister Kolodko and the head...

[Unidentified voice, interrupting] Camdessus.

[Walesa] That is right, were there, I said: Gentlemen, gentlemen, Poland and the postcommunist states are richer than you are, richer than your states, because you have only taxes, while we still have properties that we are keeping, I do not know why, and why we do not want to give them away for inflation. That is why as long as we think like this, we are going to torment the people, bully the people, and deceive the people.

I deceived twice over the budget, because I did not understand the problem. Once I took a close look, I said: That will do. I am not going to deceive the people, because there are resources, the state is rich; it is just that we cannot manage these resources or propose them. We are taking the easy way out by not paying, by agreeing to hunger strikes and to protests.

[Kwasniewski] Thank you very much. Prime Minister Kolodko. Mr. Speaker Zych.

[Kolodko] Mr. President, ladies and gentlemen: I do not believe you deceived the people twice, Mr. President. Perhaps you made a mistake twice and that is why I think we would be very glad if we did not apply the principle of disasters going in threes and did not, together, make a mistake for the third time, because it is not our intention to deceive anyone, but to find together a good solution. So, I would like all along to refer to your view, which, with your permission Mr. President, I will quote: This government has presented the best program in the last five years. I am speaking with shameless frankness. I would have preferred if it were presented by

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a different option, but this has not happened. Lech Walesa, president of the Polish Republic.

In view of this, there is the question whether this concerns the solution of problems or the search for a different political option.

I pursue the economic and financial policies. You, Mr. President, appointed me to this post at Prime Minister Pawlak's instance, and we have prepared several ideas, several proposals, including this budget which you yourself, Mr. President, have described as a financial document, by virtue of the principle that even all of us here between us could not turn a 10 into a 12, and a good document.

When you say you are going to veto this or that act, I think that a veto makes sense when a new act would change the existing situation for the worse. Then I would not be surprised—and will not be surprised—if the president makes good our mistake, a mistake by the government and parliament, and vetoes it. But when an act is a step, an expression of our joint efforts to improve the situation even a little, I think it should be accepted rather than vetoed, and then we should seek together even better solutions that could be introduced in subsequent legislation. That is exactly the case with the act on pay in the budget-financed sector where, after several years of decline, we are trying, as far as the state financially can—precisely under the principle that you cannot make 12 from 10—to raise these salaries by at least 6 percentage points.

On the other hand, if we indeed agree that the Strategy for Poland program—which has been accepted as its own by the coalition and which you, Mr. President, supported and appraised so highly—is a good program which serves, to the best of our ability today, to resolve these problems in our economy and our society, I expect, as a person who was invested also by you and who is responsible for this policy, that the coalition would create the proper political conditions for the implementation of this program and that the president would strengthen this reformatory trend. At times ruthlessly, you do not spare us criticism, sometimes rightly so—by criticizing and suggesting better solutions, rather than impeding, through veto, for instance, the implementation of these correct steps, which are in fact fully sufficient.

From this point of view also, I would be very happy as a citizen, and as an elector who will also participate in the parliamentary and presidential elections, and who pays taxes, if we could nonetheless succeed in coming to an accord on a number of matters. Presenting the Strategy for Poland in the Sejm, in the presence of the president, I said there are a number of areas of the reforms around which you are also making efforts, and that we should attempt, through joint efforts, to exclude from the field of political struggles and conflicts. They should not be the object of political playoffs and struggles since this will cause losses for the whole of our society. These areas are, above all, the reform of the social welfare system and also the reform of services for society that include the health service and education, and also, as I judge with certainty, Polish efforts to integrate with the European Union. In the light of this, running economic and financial policy for now as I do, I wish to ask the president whether it is possible to count on your adding your valuable contribution, as the president of the republic, for these areas to be excluded from the political struggle, from political conflict. Will the president stand not in the way of, but at the head of these reforms?

[Walesa] Mr. Deputy Prime Minister: Well, I would be very happy, because I very much respect you as an economist or else, that you do not play at politics, and then everything will be very nice. But if you enter into political subjects, well, that is not really very good, is it? Because, you know, you are proposing to me that we, that we resolve problems together. I agree to that. Only, at the side of this economics, at the side of your subject, there are also still other games, other fun and games, that make impossible such activities as you propose. That also is why it is better for us return to that which you propose, for that will be better, for you are better informed, and I very much, I repeat, respect you, and I would wish that you not play at politics, for then we must talk about something else.

[Kwasniewski] But precisely, Mr. Kolodko does not want to play at politics...

[Walesa interrupting] Hang on, hang on.

[Kwasniewski continues] ...for this is a serious matter, Mr. President.

[Walesa] All right, all right, but you nonetheless said, that you want me to get involved in this. I express readiness to get involved, but a number of components are hindering me, and I hope they will still come to the surface here. And now let us return to, to the truth. For, the deputy prime minister sometimes plays this nice little trick; he says, he says a beautiful thing that, to which, that has happened, such as my support for the concept of the Strategy for Poland. I said this, only there was another sentence there, or half a sentence. That I support the condensation of thoughts and solutions, and no one has so far done anything like this. That is praise. But there was the next half sentence, regarding the details, intricacies, programs, that it is necessary that experts consider it, and I need more time for consideration. If you had put it thus, then everything would be okay. But this way it is a half truth, more to your benefit, and now not beneficial to me, since why am I behaving like that, vetoing things, when in fact I agreed. That is the way you have set me up. This is not a truth like this. I, sir, would like that politics nonetheless be based upon morality. I still want to keep my word, and I am trying to keep it, and probably rarely is my word kept.

Now, you, the second thing that you cite, that this year, that next year, you propose 6 percent more for the budgetary sphere. Bravo! Only, look, I told you earlier, I

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have already agreed three times to deceive the budgetary sphere. Seeing, seeing, in signing, in signing the budgets, signing detrimental decrees, laws, signing all of this. That is why no one will now believe me or you, no one, so I am very sad, no one will believe in this, that this time, trust us, for there will be 6 percent more. For up until now it has been promised, it has been written down, and not kept to. It is difficult to be surprised at people today, that they do not believe the president, for he has contributed to his loss of trust, but I had my purpose. I had the purpose that we are starting up, we are changing the economy. Well, well, we want things to be well. It is necessary to do this once. We have done it. On the other hand, I cannot do this without end, for this will end even worse, for you, for me, and for all of us.

In association with this, the question is, that which I told you about, and these two questions: Whether we have enough teachers, and if there are too many then please sack them; is the health service indeed large enough, or too small? If there are still too many, then please pay them. On the other hand, how we will find the resources for this is other matter. This is: Let us find the resources. Let us not seek, not seek deceitfulness and games with hard-working people.

Of course, you will say that it is necessary to reorganize. I agree. For today a doctor works in place of a nurse, and a nurse works in place of an auxiliary. But, hang on, hang on, these are details that we are not going to discuss here. That is why until we have these replies, it is difficult to be surprised that people are fighting for their own corners. For we have enough, the deputy prime minister has and I have; we cope somehow, but these people really do not have enough and do not wish to be deceived by all of us.

[Walesa] That is why they do not believe in your 6 percent or six points, for on what basis are they to believe?

[Kwasniewski] Mr. Deputy Prime Minister Kolodko. I also have a request for a clarification of this inflationary development, for this is, I think, very significant.

[Kolodko] Yes. Ladies and gentlemen, Mr. President, very briefly. I understand that our society, including in this employees of the budgetary sphere, doctors, nurses, teachers, academics, and so on, has the right to doubt whether to, as you say not believe in that which politicians promise. On the other hand, I would not wish to make promises, as finance minister and deputy prime minister responsible for economic matters, only we really do have a fairly consistent, ambitious, difficult, economic program, which is to implement these guidelines and these aims, and that is why we count on your support, as president of the republic.

Today, no one will give their word of honor. I too am not capable of giving my word of honor that it will be so. On the other hand, I can give my word of honor to the president and everyone, that we do know, or at least have the deep conviction, that we almost know, what to do for these desires to be realized. That is why I would wish to have allies as regards the struggle with inflation, in the president too, in the entire coalition, in all influential social and professional groups. We quite simply do not believe, not in the fact that there will not be 6 percent, but only in the fact that with such resolutions of political and economic problems will it be possible to get inflation down to the guideline path, downwards. I would also wish that the laws that are to facilitate this for us come into force. For otherwise, these fears that the president shares will be justified in an ever greater degree.

We must discipline the budget. We must, altogether, have this budget, and have work well organized, and then we can build the next segments of economic policy on top of this, and in this also return more widely, for I share your view, to certain property enfranchising activities, for this would be a certain way of reducing the pressure on the budget, if society were to participate to an ever greater degree in privatization and property enfranchising processes. Economic policy is also moving in that direction, and I would wish that we could be able to count upon the creative, albeit critical, cooperation on the part of the president, in that direction also. That is why I repeat once again, I am convinced that your intention is to stand at the head of these reforms, and not in the way of these reforms, but we must undertake difficult reforms of the social welfare insurance system together. As you say, reorganize the health service and education as well.

On the other hand, for our part, we have, as I judge, proposed the maximum of that which may be proposed for the coming year as regards, quite simply, hard cash, money that it will be possible to obtain through taxes, so as to have it in the budget for these expenditures. From that point of view as well, if one of your closest colleagues states that the coalition will probably not accept the conditions that have been presented, and namely lower taxes and higher expenditures, then really, the president knows, and I know, and we have discussed this, that such conditions will not only not be accepted by this coalition. Such conditions will quite simply not be accepted by anyone, because it is not possible to accept such a (?conclusion), that less is earned and more is spent, and thereby there is a smaller deficit and that in association we get smaller inflation.

In the light of this, if in reality the president maintains his view that this is a good budget, the best that we can at the moment afford, then let us get down to the resolution of those problems that are alongside the budget, but let us not hinder this procedure, and let the president give the people this gift for the new year, and sign this budget, if of course parliament adopts it. As of now, it has only been adopted by commission.

[Walesa] Ladies and gentlemen, I do not know, do we not understand each other? Or am I really speaking too quickly? I will have to slow down.

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Sir, Mr. Deputy Prime Minister, I will believe you, I will believe you more readily since I am a believer, for I do not know if others can say the reverse. But again, faith is not the point.

Until we have a reply to these fundamental questions, whether these teachers are necessary, and doctors too, then it is difficult to speak about this. The second question is, if they are necessary, if there are too few of them, then they must be paid. The problem is then only in where to get the money from, then let us discuss where to get the money, and let us not talk about the budget. You are directing me to the budget, which is clear to everyone. It is possible to consider where to get 5 percent more, where on the side, perhaps take it away from the president. But, nothing will be added here.

I propose something else. Add it to the budget, if there is a reply that the teachers and health service are necessary, then precisely, add this property enfranchisement into the budget. Precisely, precisely say that you will get these buildings, that we cannot give you money, understand this, you will live somehow, but we will give you bonds and for this you will buy homes or building plots in Warsaw. But this is another matter. We are looking elsewhere. I, and every sensible person, cannot say anything as regards the actual mathematics of the budget. On the other hand, I cannot agree that the budgetary sphere continues to be deceived, and by me also, that it not be paid. This I have now not agreed to and will not agree to. I propose that we seek money and solutions that will equalize the hurt that we have done to those people.

[Kwasniewski] Sejm Speaker Jozef Zych, then Minister [of Education] Luczak.

[Zych] I judge that the president has put forward here a justified hypothesis, that it is necessary to defend the poor, protect those who are threatened, and resolve problems in the spirit of the law, and if so, then I would wish to allude to the budget problems that are wending their way through the debate here. In the adoption of the budget we have to deal with both a process that is purely legislative and the substantive process, which is about what society and the state can at that moment afford. I think that the law maker has correctly given prerogatives to the Sejm for the adoption of the budget, to the Senate for the introduction of amendments, and to the president to veto it. This is a normal process in every state that wishes to create the correctness of the legislative process. The very fact of a veto does not surprise me as a lawyer. There is just this problem: Whether a veto, whether Senate amendments, are just to be based upon the fact that they are raised and the coalition mobilizing to overthrow them, or is it the point that this budget ought to be prepared and the activity of state and society be secured within the bounds that are possible at the given moment? I judge that we are all of the same view, that the budget ought to correspond to all those criteria of which the president speaks and also all these social expectations.

There is just one question: Are these problems of the budget before which we have found ourselves today new, or have they existed since the start of the year, and as the president says for several years as well? Now, they did exist. The problem of privatization, and the necessity to accelerate it, and today there is just one issue. Since we know about all of this, the president knows, the government knows, the coalition groupings know about it, then there is a question: If these are fundamental problems, how many initiatives have been undertaken in this country, so as to calmly, in day-to-day fashion, meet and say, gentlemen a fundamental problem for this country is education, is the health service, is internal security, is privatization, and let us try to at least bring about a resolution of one issue. It transpires however that in our legal system it is easier to negate, it is easier to exploit the formal process itself than to seek to resolve it. I judge, Mr. President, that there were also too few legislative initiatives as regards the resolution of certain issues that the president deems to be correct and that I think society will also acknowledge to be correct, for after all you are also a sovereign entity who has prerogatives in the legislative process.

But after all, this is not only about the budget. In the course of the activity of the terms of office of the tenth, first and present Sejms, we have met with legal interpretations in various fields, on the subject of the Small Constitution, which as we know is not a perfect document. This is also understandable if we look at the entire number of legal provisions that are in force in this country. I am moving, Mr. President, toward the following: First, that in my conviction and feelings, all the state bodies, starting with the president of the republic and ending with the government and Sejm, have not demonstrated effective, positive cooperation intended to resolve problems. Second, neither were there consultations in the direction of the legal resolution of problems. For, insofar as at the level of work in commissions or in the Sejm it is possible to exploit the cooperation of the government and Sejm, then in the wider context things were worse. I think that this is a very important problem for Poland—that we not seek just various possibilities and negative interpretations, but positive ones as well. For, if I look and listen to the statements by the president, it is true that it is difficult to assume that anyone here, whether the president, or the prime minister, or deputies, have different intentions than serving this nation. I think that there is only a different approach to this issue.

I would also request the president, with all these different interpretations and also with the exploitation of his constitutional prerogatives, to which you have the right—and it is good that they are applied—to take into account the clarity of the interpretation of the law and simultaneously to seek the resolution of the most important problems.

[Walesa] Ladies and gentlemen, it is indeed possible to blame everyone, including the president, that problems

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were not taken up. I would like to put it differently, that well, problems were put forward. It would be difficult for the president so situated within the system, to take it upon himself to start to resolve these economic, budget issues. I put forward programs, both political and otherwise, probably even too many of them, and in association with the fact that I put them forward, then later on there were attempts to limit my freedom of activity, even on other subjects. [Word indistinct] and that is why I drew other conclusions. The point here is not to resolve these or other problems, the point is only in playing at power, in taking power and taking as much as possible. I drew such conclusions after all of this that is taking place at the moment, the deputy speaker drew different conclusions, that we all wish to serve. I would be very happy. If everyone wishes to serve, then I will give proofs of service. Through this I have lost 30 percent of my electorate, when I said that the left leg is necessary in Poland. I said this, and I kept my word. I have kept my word that the Army, or other things, other sections of the state structures ought not to be political. When we spoke in this chamber, that I agree, since some sort of coalition rules, I agree to join. I see the ministers, but on condition that statutes are created. The statutes were not created, deputy ministers came in, and now there is even the desire to take the ministers' posts.

Gentlemen! If such is the desire and such are the temptations, then I am very sorry. This hinders things, for the budget, the budget is an important matter. This budget goes for the police, the Army, and other things. The entirety decide about the rule or direction of the state. The budget is just one of the most important fragments, and not the entirety. [sentence as heard] In association with this, let us talk about other subjects as well, for here we will not come to terms. I feel that this budget ought not to be signed, or to be signed on condition that there will be compensation for all those who deserve it, and from other sources than this budget, for here there is no money. Poland has the money, is very rich, only elsewhere. It is necessary to start up these other places, and I agree to such a concept. I cannot agree to the deception of these people once more, for this is now immoral for me, and that is an end to it.

[Kwasniewski] Minister Luczak.

[Luczak] Mr. President, I would like to reply, probably, to this question that related to whether teachers are required in Poland. I think that they are very necessary, and that number is not at all adequate for the civilizational level that Poland has attained. It seems to me that their number ought to increase. It undoubtedly is an understandable matter that their level of education and remuneration ought to increase. Unfortunately, not only Poland but also significantly richer countries have their own kinds of problems with their educational systems. This is not an issue that is resolved in one move, or through a sudden move. Significantly richer countries also have troubles with remuneration in the educational sphere. Do we at the moment have such a program that allows us to think more optimistically? I wish to say that we do. The fact that a deep reform of the passage of schools into the hands of self-governments [local government] is planned for 1 January 1996 is an example of this. The self-governments will answer for the rational and proper expenditure of resources for the training of teachers, and for this to happen it is necessary to carry out a number of intermediating moves. One of these moves that I wish to recall, and that there has been talk of here already, is that which has taken place in recent days, that is debt rescheduling in education. None of the previous governments did this. An enormous effort. In the course of a year, first almost Z1.5 trillion, and currently Z3.5 trillion have been handed over for resources for the debt rescheduling of education. I also wish to say that the announcement, that which we speak of here, of the remuneration level in the budgetary sphere is today its own kind of challenge, which is associated with the adoption of the budget. It is difficult to imagine for oneself an improvement of this situation when this budget ceases to exist.

This budget, alongside the matter of the 6-percent increase being discussed here, assumes a twofold increase of the resources available for remuneration for employees in higher educational establishments, which is an enormously important matter. This budget also envisages an increase by around 70 percent of the resources for benefits and grants for students. So these are moves that really will, in a short period of time, also be tangible ones. On the other hand, the plan that will arrange this entire sector differently and regulate it differently is long-term in nature.

[Walesa] Ladies and gentlemen, again I am in this satisfactory situation where I proposed to all social forces that they approach matters a little differently. So as to, so as to specify what the pillars of the state in our country are. I included among the pillars of the state, among others, education, which cannot develop from year to year. It must have perspectives, more, it must have arguments that will not even allow for strikes. For, if we say that we receive 5, for instance, percent for science and culture, this is as much as in Great Britain, France, and the United States—the problem of education there is the division of these resources. Let us give it, let us have faith in people, let us give them that which is logically argued for.

On the other hand, you say, and here I have complaints against the prime minister, you say that this is the government that is carrying out these noble gestures. Sir, of course yes, only let us not forget that the first government that came—Mr. Mazowiecki's—found a complete vacuum and a lack of anything at all. Yes, this can be checked. The mechanisms that have been started up are only two governments, only these two governments that...[pauses] You want to slip up, you will slip up!

That is if you look out the way you look out now, as I hear in the speeches here.

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These mechanisms that were introduced—I have been president for five years, so I have been counting them—these that were introduced by the first two governments, the healthy mechanisms, that is market economy, pluralism, and the break-up of unnecessary structures, this is having certain effects today. Of course, you are not standing still, you are following a certain course and I do not deny that this course is being kept. I just think it can be done more quickly.

I also think that new things can be set in motion, which they did not have time to set in motion. So do not award yourselves orders because this is not true. If you start awarding yourselves orders, you will go bust more quickly than your predecessors did. Because all this will come to an end and those mechanisms that were efficient will exhaust their efficiency, and that can already be observed. I am a good observer, and I think you are too, so let us be careful with these appraisals. Let us not fight over this, let us fight over what we said earlier, that each of us wants to serve the people well.

Let us seek for the people, not for school sums—prime minister, you are not even here for this budget, you are here for the people who establish this budget, generate it, and who have to be given something. Do not think about a sum, Mister, think about how to do it because there is a certainly just protest. If you do not think about the budget and, at the same time, about staying in power but think about these people instead, then you will find resources, I am convinced of this, because you will be thinking about something else. Whereas now you are thinking: Will the president dissolve it or not, will he sign it or not. Let us not think like that. Let us think how to find resources and how to apologize to them, and first of all to tell them they were right. Like you said: There are too few of you, but we are not paying you because, well, you are soft, but now we are going to pay, we have no money, but you have been so understanding, so be understanding again, we will pay you with something else and it will get onto the stock exchange and you can sell it off and, and OK, we will have behaved well morally and do something for the country. [sentence as heard]

[Kwasniewski] Thank you. [Privatization] Minister Kaczmarek. After that Deputy Jagielinski.

[Kaczmarek] Thank you, Mr. Chairman. Mr. President, I note that this is a very difficult discussion, especially as we are probably to a large extent moving in a world of contradictions. But to begin, I would like to comment on something. You, Mr. President, were regretting that you were losing voters. I think that is a risk every politician takes. It is a risk for us too, those who are sitting across the table. I think, Mr. President, this comes from the fact that principles of market economy have also entered politics and you do not get anything for ever, you just have to take the risk and it might not work.

The second issue that I wanted to address is a few words about the budget, because on this occasion—and we are probably being watched by a significant proportion of our compatriots—we should say that the budget is made up entirely of taxes. Mr. President, the budget is just like at home, you earn your money, that is, there is income, not just taxes—a part of this income today comes also from privatization, but I will speak about that in a moment—and there is also some sort of expenditure. If the expenditure is greater, you have to borrow from somewhere, from your neighbor, I do not know, from a bank. Then you have to give it back. I think that we are striving for such borrowing as to be subsequently a credible payer of these obligations, of the money that we borrowed.

I do not share your view, Mr. President, that sums do not decide. To a large extent, Mr. President, it is sums that decide, because economics is a form of mathematics. However, it should be performed with a human face, and here I agree with you on this Mr. President.

Now, as far as the issue of contradictions are concerned. You, Mr. President, use very harsh words. I think we are unnecessarily presenting here a language that is based on the formula that someone is deceiving someone else here. I think that altogether we are building Poland and making transformations without any models. I think, Mr. President, that I can admit right in front of you, and I am not afraid to do so, that I do not understand that which you have proposed, that you want to give away property, and you did say that it was not clear whose it was, and you want to give it away, and I am also not clear to whom, this too would need to be defined. But you want to give away property for inflation. But inflation is probably a sort of nonexistent money.

[Kaczmarek] Let me use your language, Mr. President. Isn't the fact that we want to return existing property in exchange for nonexisting money a deception? I can't understand this metaphor. I would like you to explain what this operation is going to be like. If we are to give away, we also have to take into account what we have to give up; I leave the assessment of whether Poland can afford to give things away, to politicians; well, we have to take into account that we have to give up income from privatization. The 1995 budget amounts to Z27 trillion and there is no money coming from privatization, this money finances the public sector. I don't know if Mr. President is dividing this budget in which privatization is playing an important part or not. Do you disagree with this budget? I would like some explanation. It's a trick, as you said, it's a trick. Let's give ownership rights and property in return for inflation. I'd like to know how it is going to work. This may make some sense which we could later translate into the language of law and I would like you to do it in the future. Thank you.

[Kwasniewski] Thank you.

[Walesa] Ladies and gentlemen. When I talked about inflation and how to give things away, I was comparing us to the West where there is no ownership or other things. It only has taxes and something else like duties

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and others; well, I was talking about the political side. We have to carry out economic and ownership changes. I said inflation could be forced by such actions. I still think that people know nothing else can be done in budget matters, but they press on this subject because they cannot find a solution anywhere else. That's the first thing.

Now you are asking me why I am talking about deception and promises made to these people. We do not understand each other. This was the comparison with the West, the differences in inflation in its case, and in our case where the state is very rich and in their case the state is very poor. As far as the budget and public sector in Poland are concerned I am talking about something else. Tell these people that they are badly needed, that they are being deceived. Because we don't have any resources, that other people are not deceived, including the president, he can manage, but you are deceived for whatever reasons. Let's say, just a moment, in that case, if you are not to be deceived any more we're proposing to you that when you will be privatizing those enterprises you are talking about, set aside a part of it for the workforce. Why don't you give it back to the public sector which will be able to sell something on the stock exchange, like this Bank Slaski or something else? Why? It's a technical matter of how to arrange that. When you take a decision that something should be done, then the question should be: let's find out together with the president where to take it from and on what grounds. I would like you to start thinking as if you were serving the nation, and don't just look at those sums. You are saying I am wrong. For a (?pseudo-activist) who is not a deputy it may be just a sum because he just agreed for that. But for those who are both deputies and activists it's not just a matter of sums. He was to serve and solve problems. Have I answered your question?

[Kaczmarek] More or less. Mr. President, I must say that you haven't. Really, Mr. President. I understand that you have adopted the privatization philosophy which means giving back. I'd like to ask who—once you have an owner, you say, and I share your opinion that Poland does not belong, although Poland can be assessed as a rich or poor country depending how you see it—but if we give them up, who will invest, who will finance so that companies remain in operation?

[Walesa] We should have made this division to enterprises, plants, and municipal property. To be fair, maybe we should begin with the municipal property; let's not touch enterprises. This is a technical matter. Just a moment. On a different principle, both matters should be considered separately. Now, I am interested in the first part, but I have not written it down. Could you repeat it please?

[Kwasniewski] Minister Kaczmarek could you repeat the first part please?

[Kaczmarek] Mr. President, I would not like to repeat my previous statement. I will go back to my initial argument because today we are performing a trick, I am using your language...

[Walesa, interrupting] Yes, yes, I got it.

[Kaczmarek] We are performing a trick in front of everybody because once again, because we are promising people something before the next election campaign, that we will give them something. We have to invest today, simply invest. That's the difference.

[Walesa] The difference between my trick and yours is that I want to see the nation and not deceive it and you are saying, let's deceive them because they are weak and others will not let us deceive them. So let's answer the question, do those teachers and doctors deserve and should we con them or not. If we should, so then why were others able to achieve things through struggle and they are not? Let's help them fight for it so they get what they deserve. Sir, this is the way you have to think. I the president stayed, you might be an expert borrowed to play the part. I was elected the president to serve and listen to the nation. If the nation wants to go in a certain direction and demands this of me I have to do that. I have to act carefully so that we won't bruise ourselves. This is how I understand this. You are being stubborn because we cannot afford it, despite the fact those people are right, they cannot be granted this. I cannot agree with that.

[Kwasniewski] Thank you. I would like to ask not to use words like deceive, because we are talking about serious matters where finding solutions is very difficult and we may confuse people that we talk about tricks only. This is not the case. We are talking about very difficult and complicated matters. This is not the first government, Mr. President, you are experiencing...

[Walesa, interrupting] And not the last one.

[Kwasniewski] And you know very well that those matters come up repeatedly. Well if it is the last one or not, the future will show. Prime Minister Kolodko wanted to have a word.

[Kolodko] Briefly, Mr. President, ladies and gentlemen. We are not playing any tricks and are not pulling a rabbit out of a hat. We are trying to find the best solution partly following your arguments, Mr. President. However the Slaski Bank has been privatized for quite some time now, but we are in the process of privatizing the Industrial and Commercial Bank. If it goes well, we get a lot of dough. We could take this money, although not tainted, for pay rises in the public sector, to finance pay rise of Z500,000 on average in January, for all teachers, doctors, public sector employees in a wide sense and there are about 2 million Poles employed in this sector, but in order to do that two conditions have to be met: first, the finance minister has to privatize the bank to have money for it.

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And we have started such work. And second, there has to be a legislative basis to pay everyone in the new year, in January half-a-million. And I am hoping, although you have already vetoed this act, that it will come into effect, and once the bank is privatized, we shall have something with which to pay the employees of the budget-financed sector. Because we do not want to deceive them in the least; we want to remunerate their good work to the extent to which public finances allow.

So, following your line of reasoning, I think the first specific suggestion is that we should sit down once again and think about it; perhaps we will succeed in privatizing one more bank and allocate this specifically for remunerating the good work of the doctors, nurses, teachers, professors in an above-average way, that is, above that which follows what is written in the budget act, and to up this minimum of 6 percent. Our proposals are open to this, so if you, Mr. President, go on pressing for us to go further in that direction, this pressure from above and from below would probably do no harm. But first there has to be a legal basis to pay everyone half a million, and that is why we would like this act to come into effect.

[Walesa] Well, ladies and gentlemen, my task has already been... [pauses] well, carried out in some way, because we can talk like human beings with the prime minister and we will go in that direction, and we have to look for it, of course. But today this is in the realm of debates. For the moment there is the veto, that's right, for the moment there is the veto. [indistinct voices from the room] Just a minute, just a minute. Which veto are we talking about, because I am lost now.

[Kwasniewski] About the veto on pay in the budget-financed sector.

[Kolodko] Mr. President, if any of these vetoes were to be right, only one of them can be right. They are mutually exclusive. But to my mind they are both wrong. I would prefer... [changes thought] You vetoed this act today, but that makes it impossible to give a pay rise of 500,000 to the employees of the budget-financed sector in January. And we would very much like to raise these salaries and we are looking for the money for this. And we would like you, Mr. President, to help us in the efforts to improve the situation of the employees of the budget-financed sector, because the veto alone can only worsen this situation.

[Walesa] You have already made some solutions on the very edge of the law which also surprised me and I hope that for this some responsibility will also be borne, but we will wait for that. Ladies and gentlemen, I don't know, because as I just said, you have defended yourselves here on the edge of the law. But as far as other things are concerned, obviously this thing has to affect the fact that we should all think about it. I would like peace and calm in the country, but at the same time I have no intention of paying bills which are not mine. And in connection with this I am going to watch very closely—not because there is an election campaign, because that is something that matters to me least of all—but I am going to watch that the arguments are convincing, because so far they have not been convincing and that is a tragedy for all of us.

[Kwasniewski] Deputy Jagielinski. Minister Miller.

[Jagielinski] Mr. President, Prime Minister, Messrs. Speakers, ladies and gentlemen. The president maintains that we need money; that we could find this money at the cost of inflation. I, above all as a farmer who is pursuing his vocation, would not like to use any tricks and say that if you deceive somebody, you will scrape something together.

I know that if I do something wrong in my work, the land will not pay me back. And I would like to say that we, the Polish farmers, are interested in Poland having money, because the quantity of our production is dependent on demand. And we will have demand when Poles have money. But I would also like to emphasize the fact that we gather only once a year and inflation is bad for the development of Polish agriculture and the Polish economy, because it could give to some but take away from others.

And the question whether there are too many doctors and teachers could even be transposed to the Polish villages, and this question is often asked in relation to us. Aren't there too many farmers? Twenty-eight percent of Poles support themselves through farming. And we could say that if we were to compare to other, more developed economies, that is definitely too many. But there is also another question which we should ask ourselves: Aren't there too many Poles altogether? And I think we all respond unequivocally that there could definitely be more of us, because we have to strengthen our national existence.

In connection with this, I would like to emphasize that there are exactly enough of these farmers. It is just that we have to create better conditions for them to support themselves. And here I would like to emphasize the fact that we are still not fully responsible for what we have sown. These are still harvests of the system transformations, the transformation of the republic.

Today we have reached the time when this coalition, with Waldemar Pawlak's government, is able to sow. It is able to sow and put down what is in the budget. And we need the budget so that we have an established legal framework to move within and so that we can properly transform the Polish economy.

And Mr. President, I too am racking my brains about how to create for the Poles who live in the Polish countryside at least worthy living conditions. And I very often use the argument that all of us in the countryside cannot support ourselves from farming. Because of this I will willingly join you, Mr. President, and together with you look for other income opportunities for Polish

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farmers, especially those who at present have no chance to expand their farms, to modernise their farms but who still have to live.

And I would like to emphasize that the Strategy for Poland, by Prime Minister Kolodko, that the policy prepared by the Department of Agriculture, the agricultural policy assumptions until the year 2000 to some extent come to meet this half-way. And there are results. The peasants' wailing wall is no more, and even in spite of the drought of 1994, like Prime Minister Pawlak has emphasized, we have an increase in the exports of agricultural and food products.

If you, Mr. President, go for accord, for seeking structures which favor the development of the Polish economy, then I think the terms of office—both yours and of this coalition—will end in success.

[Walesa] You know, once again, I don't know, we seem to have a misunderstanding. You attacked me that I wanted to increase inflation. I said something different, that I was not sure whether by any chance inflationary coercion was not a saving for the Polish reforms, for speeding up, for forcing on enfranchisement. That was how I put it, and not that in my actions I was striving to increase inflation. I said it in the political sense, that perhaps if we are not going to privatize, we should put pressure so that the state cannot afford it, the people will put the pressure on, that we will have to go in this direction and then we will have proper enfranchisement. So please do not mix this up, because if you transpose my contribution, it will be absurd and it will say that I am irresponsible, and I want to be responsible.

As far as agriculture is concerned, I will gladly discuss it with you, but it is a big subject. I have to say that I don't like the way it is going now. We can add money to the BGZ [Food Economy Bank] every year, or to other banks, at a cost to others [murmuring in the background], but that is a fragmentary thing, that is—perhaps that was an incidental thing, that's not the point.

About agriculture we would have to talk strategically. I have also put forward slogans, perhaps wrong ones, but I will repeat them, because perhaps that will start a discussion. I asked scientists, professors to tell me whether under the conception where we are striving toward Europe, we need farming, and what sort of farming, but scientifically. Perhaps it will turn out that we should farm only 50 percent of the land, good land, and not the rest, because we would have to add money, like to the BGZ or in another way. And if then the scientists told me that only half of Polish agriculture was rational and logical for Poland, then we could draw a different conclusion, for example, that such regions as Warsaw, Gdansk, the whole province, 100 km further on, is not agricultural but holiday-making and recreational.

We give each bureaucrat—including trade unionists in this—we give them half a hectare or a hectare. He does not pay tax, for he need not pay, and the rest of farming is greater and develops beautifully. I am only putting forward a concept about which I have been speaking for a long time—which ought to be seriously considered—and then the technique is how we get to this. Of course, we do not collectivize, we do not throw away, we do not create procurement points, we do not create storehouses, and those by the very nature of things, and at the same time we say: that for this 100 million of mine it is possible to buy land in the Krakow Voivodship or elsewhere, where there is good, large land, and there help people to build. And so without this kind of strategic thinking it is difficult to do anything at all. I encourage you to undertake such a discussion, these are loose, loose observations of mine, on which I would seriously wish that we think together.

[Unidentified speaker] Mr. President, can we invite you to the Sejm Agriculture and Food Economy Commission—if not you then a representative?

[Walesa] The Sejm one discusses for too long and not always to the point. I would like to talk to the point. [laughter]

[Kwasniewski] Yes, well, to the point. [Labor] Minister Miller.

[Miller] Mr. President, we of course receive the announcement of the veto of the laws with disappointment, and with pain, but I would not be objective if I did not say that there are laws and there are ideas being put forward by the coalition and with regard to which you are justifiably joining-in. I would thus hereby like to thank you that you so quickly signed, on 1 December, the law reforming commissioning agreements, since, as I judge, you noticed that in this law we wish to protect the weakest, those who are deprived of the right to compensation in the case of illness, or in the case of an accident at work, as also those weakest people who are denied the right to include the time they have worked in their pension entitlement. And you did this, you signed this, despite the pressure of the parliamentary opposition, but your famous intuition, about which much is written and spoken, here it whispered a solution to you, which is I think a correct one. I also wished to thank you, that on 19 December, and thus but a moment ago, the president signed the law reforming the system of family benefits, for this system will guarantee that family benefits will be directed to families with the lowest incomes, and you, as the father of a numerous family, surely received with joy the fact that these will be larger sums, and apart from that revised annually, albeit your joy might be disturbed by the fact that your income will preclude you from receiving these benefits. But Mr. President, this happens to apply to all those sitting here. I think that it is a pleasant thought that we, people who earn better remuneration, will as if give part of our entitlements and our money to the benefit of families living in a difficult financial situation, for such I feel is our social duty.

I also wish to ask you to quickly sign two further laws that you should still receive for signature this year. The

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first law is on employment and the counteraction of unemployment - it is already adopted by the Sejm, and the Senate also. I wish to take this opportunity to clarify the fact that you have been led into error by somebody, for listening with interest to your speech I paid attention to that part where you speak of increasing unemployment in Poland. Now, things are precisely the other way around. Fortunately, unemployment in Poland is falling. And the year 1994 is the first year, for four years, in which at the start of the year we had unemployment greater than at the end of the year. Now, we have unemployment that is 60,000 less than it was in January, and I hope that this tendency will maintain itself in the coming year as well.

I also wish to ask that you quickly sign the law on illness benefits, which is also already adopted by the Sejm, a law that equalizes all economic sectors, both public enterprises and private firms, in their obligations in relation to people who are on sick leave.

If you will allow, then I also wished to say a little about our intentions for the year 1995, as it were warning you of the activities that we intend to undertake. For, the first large block is the reform of the Labor Code. You will receive for signature a document that is very modern, matching Western European standards and the present stage of development of the market economy. The second of the bills is the reform of social welfare insurance, that is so very expected, although as you know it is not easy. We would wish to offer pensioners and annuity holders the opportunity, apart from the compulsory social insurance that is currently fulfilled by the Social Security Agency [ZUS], to also insure themselves a second time, a third time, or a fourth time on the insurance market that we are to create. And we will assure its proper functioning.

I also wished to inform you that next year we will carry through a reform of the social welfare assistance system, such that the resources that the state presently has at its disposal be better aimed at the families that, above all, need them best, or most rather, and that they not be diverted elsewhere on the way. Finally, we intend to reform the labor fund, and to create in its place an unemployment insurance fund and a vocational stimulation fund for the unemployed, so that this money be better exploited.

But Mr. President, these intentions of which I speak are very closely tied with the construction of the budget for next year. I wish to tell you openly and frankly that if this budget, in this version that you know, is not signed, then many of these intentions of ours, very many of these reforms of ours, will be placed into question.

I wish to assure you of one thing, that the reforms of which I speak will not mainly serve the improvement of indicators, but will serve people, because we feel that the person and not the indicator is the supreme purpose of these reforms. That too is why, should you consider the issue of signing or not signing, this thought is applicable, that there is an entire package of reforms serving people, and that this, that this package of reforms might be threatened—please take this reflection into account.

[Walesa] Regarding the budget, the matter is not decided yet. I would not at all wish, I speak frankly, I would not at all wish to veto it. I understand all these conditions. I hope that we will still improve a number of things. I believe this, that is why we are having this meeting. And so, we will see.

Regarding unemployment, here I would not altogether agree with you. For, I also feel that certain processes are moving forward until a certain moment, and then they stop. And he who stands still, goes backwards. And since in general this relates to elderly people, and so this might be a process that is a little different [as heard]. I am observing it. And so, here too let us not allocate successes for now, for this is too small a problem, and at the same time it is necessary to understand that it has stopped, for it was not possible to slow down further. These previous governments did the maximum of harm in this subject.

And regarding intuition, then I am very happy. I would wish that you convince all those sitting here about my intuition, only there is one problem. You (?really) perceive it only when everything has turned out. And I thank you, when nice laws have come into force and things are well. But I feel that intuition takes place earlier on, and I would ask that you believe in my intuition now, inclusive of the veto, that this precisely is intuition, and then we will agree on everything.

[Miller] I am convinced that your intuition will also suggest the right thing in the case of the budget.

[Walesa] Here I have doubts, for the budget, you know, if I were spiteful I would say that yes, for the budget is, you know, business. Well, yours and that of everyone sitting here.

[Unidentified speaker] [passage indistinct]

[Walesa] No, hold on, hold on. That is why I would not wish to discuss in such a manner. I would wish to improve the components, those that are really capable of being improved. And if that ensues, and that is not all, if we remove, for I am thinking that we will start on other subjects as well—there are still a number of subjects that the country wishes to hear about. I think let us end with the budget. I said that it is not yet decided, that if we improve matters in other fields then it is possible that we will attain an accord for the nation.

[Kwasniewski] I have here a long list of people down to speak, so perhaps a request that the speeches be appropriately brief, that we indeed, in the light of the statement of the president, that the issue is an open one, finalize things. So, please: Deputy Stefaniuk, and Deputy Spychalska, Minister Zochowski, Minister Smietanko, and Deputy Borowski. I think that would close this round.

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[Franciszek Stefaniuk] Chairman Kwasniewski warned that we ought not to use the words deceit, or something like that. But I would wish to agree with one sentence from the president, when you said that the previous governments deceived. Mr. President, the confirmation of this is the fact that there are debts in the budget-financed sector, in the health service, in education, and the current government had to assign these sums for debt rescheduling, of around Z3.5 trillion for education, 6.6 trillion for the health service. That is by way of a footnote.

Mr. President, I was present when the idea of this meeting together today was born. I supported this idea since, I will recall a certain fact from a few years ago.

When there was a misunderstanding between yourself and Mr. Olszewski's government, Mr. President, I used this metaphoric expression from the Sejm rostrum: When father and mother argue, children are often hungry and always in tears. I used this metaphor in a particular situation then, and I would like to recall it today. We would not like misunderstandings, and while supporting today's meeting, I understand that if there are different views on budget-related bills, it means that you, Mr. President, have different ideas, and that we leave this meeting richer with ideas.

Mr. President, you said several times today that we should look for money but not to cut corners. Veto of the tax law substracts a dozen or so billion zlotys from the budget. We have not heard any argument about what is on offer in exchange for that. What is your idea, Mr. President? Giving away building plots and houses may bring a subsequent dent to this budget and other ones. This is not an argument. But as for as your remark about the Bank of Food Economy [Bank Gospodarki Zywnosciowej], I would like to recall that in the budget for 1994 you signed last year there is a clause that Z19 trillion is allocated for adding to the capital of the state banks, and banks with majority shareholding by the state treasury, acting as stock companies. The Bank of Food Economy, not being a stock company, did not get any extra capital. Thus, not this particular bank, but other banks got extra capital, and you voiced no concern about that. That is why, I stand here in defense of the bank which is closest to agriculture, and I want to clarify this point.

However, I am still concerned about your remarks that a solution could lie in increasing inflation. The present draft budget provides for a 17 percent inflation rate. We would like to maintain it, and we would like to talk in terms of maintaining this rate. If we let it go higher, the effect would be as if someone released feathers from a pillow against strong wind. Thank you.

[Walesa] You say that previous governments were cheating. I want to tell you that the systems and structure of settling accounts have changed, and one had to go into debt to spot the problem. If you use this simple reasoning, you have to reach these conclusions. Now, you say, where to find the money when I have not signed this budget-related bill.... [unidentified voice says "tax law"] the tax law. Well, I am asking you a different question: Do we still have to base everything on teachers and the health service workers, making only them finance the lot? Do we have to take from them? You see, you cannot answer this question, but you want me to answer another. That is why it is not like that. Furthermore, you returned to inflation again, and I told you I was against inflation going up. But I think, politically, that if there are no moves for more people to pay taxes, perhaps the striving and pressure in this direction, a wrong direction, will bring about a right solution and will force the government to seek solutions. That is my reasoning, and any other reasoning is impossible. If everyone says that he wants right things to do and he has failed to succeed, well we can say after Pietrzak [a cabaret artist] that he wanted bad things and he did not succeed either.

[Stefaniuk] Mr. President, the present budget provides for a 6 percent increase in wages [in the public sector], not for a decrease as you suggest. This is 6 percent above inflation. As far as the tax law is concerned, it takes away more from the higher earners, that is 5 percent, 3 percent from the average earners, and 1 percent from the lowest paid.

[Walesa] One of the budgets or one of the laws provided for 106 percent in 1989. [shouts heard] These are facts that the nation sees.

[Unidentified person] Mr. President, Mieczyslaw Rakowski was the prime minister then.

[Walesa] So you see.

[Chairman] Time is running out. Deputy Spychalska, Minister Zochowski, Minister Smietanko, Deputy Borowski.

[Spychalska] I will try to be brief so that my colleagues can speak.

Mr. President, any state makes sense only when it provides guarantees of a sense of security to its citizens. And that is the crux of the sense of a state. And that sense has to be taken care of by the authorities of the state elected in a democratic manner, that is equally the government, the parliament, and the president. And we are very often concerned when instead of cooperation between these authorities we see something akin to competition, which at times is reminiscent of competition from a second-rate corner shop. But while this is acceptable in the latter case, at the peak of power it is not.

As far as this is concerned, I wanted to speak about three important issues. In order to provide security for the citizens in the situation we are in today—and the very difficult situation of the employees, Mr. President, and not just those from the budget-financed sector—result from decisions made in 1992-93, and we are now paying the price. [sentence as heard] And we cannot do everything at once. The most important things are: a program,

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which we have; reforms, which have started but need collaboration to find a platform of agreement and balancing so that they serve everyone in the same way; and also legal order, starting with the Constitution and all legislation that has to be based on it. We face a great amount of work.

If we look at this, and one of the basic premises for the implementation of the program are the successive years' budgets—I am looking at this year's budget, which resulted from a great amount of work, a great amount of negotiations and talks—and here I should note one thing, that in spite of my membership in the SLD, discussions with Premier Kolodko are very difficult and involve arguments. [sentence as heard] I very much appreciate Professor Kolodko's knowledge; we find it hard to measure up to his level, but then we don't have professorships. But I should say that he is a very difficult conversation partner, a very demanding one. But we are also hard. However, we do manage to negotiate many issues when common sense is applied by both sides.

And this is the last issue in this respect. Perhaps the budget is not a budget of our dreams. But it is realistic. And we have checked this out from many angles.

As far as pay in the budget-financed sector is concerned, since we've already had some explanations here, Mr. President, I have just one question. I know that a delegation of our colleagues from Solidarity asked you for the veto. When you argued today that you did not sign the act because you did not trust it, did you ask these colleagues whether they took part in the negotiations—they did not—and did you ask them why not? And another thing: Was it them that you agreed with that instead of a pay rise we are going to give the employees a vague date and more pieces of paper? Because they are still waiting for a lot of paper—the share certificates, as provided by the Sejm, for the constitutional back-pay violations. And they haven't had those papers right to this day. Would they prefer more paper at some vague time in the future instead of a real pay rise? I doubt it very much.

And the last issue, Mr. President: You are a president—perhaps the only one although I am not sure—whose roots lie in the trade union movement. I have a sincere request and appeal to you. I know you are concerned about the people's well-being. In the spring of 1995 there will be a world social summit in Copenhagen. I ask, and I hope, Mr. President, that you become a patron of the preparations of the Polish team, within the Polish realities, for the social summit in Copenhagen. Thank you.

[Kwasniewski] Thank you.

[Walesa] Thank you for the proposal. It is tempting. You know the problem is whether we are able to understand one another, because if you think that all of Poland's problems stem only from the years 1989-92, whereas I think it is 1945-89, then it is impossible for us to agree. That is why I do not know how we are to talk, because our views of the issues and current difficulties today are exactly opposite. We would not have to go from absurdity to normality if we did not have those 50 years, and we would not be suffering this. We probably would not be sitting here like this, me and probably you, because the situation would have been different. But what if.... [pauses] The problem is, let us appraise logically, let us appraise factually, and if there is convergence in the appraisal, there will be convergence in other subjects too.

And as far as.... [pauses] If you think that we should be building a agreement, indeed, I have even proposed solutions many times, even institutional ones but so that they would fit within the law. And of course the solutions were accepted but there was no agreement. Someone wanted me to join the SLD but I am not going to do that.

[Kwasniewski] Thank you very much. Minister Zochowski, then Minister Smietanko.

[Zochowski] Mr. President, ladies and gentlemen: Today's act can illustrate how difficult the president's role is at times, since common sense dictated that this act should not have been vetoed, but the heart and feelings made the president veto this act. Some are happy, perhaps they don't quite know why; others are concerned that because of the veto on the act, it will not be possible to fulfil the promises we made to the health service.

What are these promises, Mr. President? Perhaps these are promises that are not up to these people's expectations. Do we have too few doctors? Do we have too few nurses? I will answer. There are exactly as many doctors as we need. There are too few nurses. I am a minister who believes that you cannot reduce the number of health service employees. The health service has to be brought to an appropriately high standard. But, Mr. President, if we recall—I do not want to dwell on the past, but this one component has to resurface here—that in the previous years the salaries in the health service compared to the rate of inflation as negative 12.4, then negative 1.0, and this year we have plus 5.6, is that better or worse? I think it is better, even if perhaps that is not the better we had sought.

Mr. President, in this act we spoke about an average of Z1.5 million for each employee of the budget-financed sector: Z500,000 in January and Z1 million in June. What is Z1.5 million to a doctor? Perhaps it is not a lot. But what is Z1.5 million to the person who yesterday appeared on television and spoke about earning Z2.9 million? It is a lot, Mr. President. That was the effort that this government could make at this time. We are thinking about it and we, of course, would like this effort to be much greater.

Why am I saying this? Because, Mr. President, we also do not seem to understand this phrase about the reduction of liabilities. What does Z6.6 trillion mean? It means, Mr. President, that the hospitals will be able to have heat, that the hospital will be able to have electric light, that the hospitals will not have their telephones cut off,

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and that there will be medicines inside these hospitals. That is the effort made by this government. Had there been no reduction of liabilities, that would have been the treat hanging over the Polish health service. So, please do not treat this reduction of liabilities as something that was not a great effort by this government.

Finally the last issue. Early this year in Jachranka, at the suggestion of the government, there was a meeting of all the political communities, both parliamentary and non-parliamentary, and we reached an agreement on the direction in which the health service reform was to proceed. We have started this work. I do not know why it has come to an end. You, Mr. President, received from me yesterday bills that show the government's serious approach to changing the system of operation of the health service in Poland.

Mr. President, you have similar bills submitted by Solidarity. I would like to appeal to everyone from here, and to you, Mr. President, that it is high time, if we all want to take this very difficult step—the previous teams, while reforming the economy, did not touch this sector, because it is enormously difficult—you, Mr. President, and all of us are now ready to start this reform together. We, the government, are open to cooperation in this respect with everyone. I hope that this time round Solidarity will make use of this invitation.

[Walesa] Minister, I do not know if you can say that my heart and my mind dictate to me different things. No. I am completely convinced. In everything I do I try to be fully convinced of whatever I do. That is why I know that if today I do not force different solutions on the government, the parliament, we will get stuck tomorrow. I am completely convinced. You believe in this budget, and I do not believe in it, because unless certain other capacities get put in motion, greater opportunities for paying tax, it will not work and I will once again have contributed to not fulfilling promises. I am completely convinced.

If you now say that Z500,000 and then Z1 million is really going to be something, these holidays are already showing increases that will very quickly eat up that million, it will not be even 1 percent. If you wanted to stick by this million and this half, it will be no 6 percent. So, there are contradictions in the proposals here, in the logic. I cannot take up a detailed discussion because I do not know this thoroughly. But I had talks and they showed it precisely to me. I propose again. We can get around a table with those who know about these things, Minister, and they will show you what the problems really amount to, and they will show you that you are not right but that they are right.

[Kwasniewski] Deputy Waniek. Just one word about this? All right, but just one word.

[Waniek] If I may. Mr. President, ladies and gentlemen: I have one proposal in connection with what we have heard just now. We of course believe that this meeting is being watched by everyone in Poland who has the time and the ability to do so, including those who are not taking food and are on strike, those who do not want to take part in the work within the trilateral commission as offered by the government.

Referring to what Deputy Ewa Spychalska and Minister Jacek Zochowski have just said, I would like to ask the president a question. If there was a guarantee about participation in the work of the trilateral commission, the proceedings of which could contribute in practice to the solution of many problems important to the working people, if there was a guarantee about the participation in the work of representatives of the president of the republic, would you agree to such a proposal? Thank you.

[Walesa] There is no doubt whatsoever. Wherever the problem of Poland is discussed and its troubles, even the most difficult ones, I am prepared to take part. Even on the moon.

[Kwasniewski] That could be difficult. Minister Smietanko, then Deputy Borowski.

[Smietanko] Mr. President, Prime Minister, ladies and gentlemen: We have heard words here, the president's contribution, which to my mind cannot remain without comment, because these were statements that hang like a specter over the Polish countryside. To put forward today an argument about whether all of the land should be farmed in Poland, at a time when only a year ago we were net importers of food, at a time when we have 3 million unemployed in the cities and 1.5 million latent unemployed in the countryside, is to put forward an argument to which some 40 percent of our state's inhabitants connected with the countryside could react in a manner that would give rise to concern. As for my contribution—I asked to make it in order to disperse these doubts. As I understand it, it was merely a bad phrasing of an idea, because we do not want to have even more fallow land when there are quite enough unemployed in the country, and we want to have even fewer of them.

I would also like to emphasize to those present here that the countryside is the social group—although private, 85 percent private throughout the entire postwar period, and this apparently is what we are concerned about as well—it is the social group that has borne the greatest burden of the market transformations in the Polish economy. We have taken steps which, first, have brought about a protection of the Polish market, since every metric ton of food means several fewer jobs in the countryside. These actions were taken by the government this year. We have halted the net imports of food.

I would also like to ask, after many meetings with farmers, while adopting institutional solutions, credit legislation, and protection for family farms as the fundamental agricultural form in Poland. [sentence as heard] There is an act on agricultural credits in the Sejm.

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The farmers know that efforts are being made to stabilize the situation in the countryside. A dangerous phenomenon for the countryside, as we have already heard, is inflation. Consequently, as a social group, we have no interest in stimulating inflation or being threatened by it.

But the most needed thing, about which the farmers and I think the majority of the citizens of our country took heart, was the setting up of a majority coalition, which provided a guarantee of a stable political situation in the country. Nothing destabilizes life in the countryside more, where you wait for a long time for the harvest, longer than for a yield in the form of appointments of successive agriculture ministers—because I would like to remind you, ladies and gentlemen, that during the four years of the creation of a market I was the eighth agriculture minister. [sentence as heard] What can anyone do in six months—the eighth to be appointed. Having worked for a year and two months I am already a record breaker. What can anyone do on the land or in Poland with that kind of rate of change, with that kind of rate of wear of these state-administration shock absorbers?

The countryside—this is the feeling I get after many meetings, and I do go to many meetings with farmers—awaits the stability of the Polish economy, because in agriculture you cannot plan every six months. Here you make decisions for several years, a dozen or so years. I would like to give the people hope, since they have been waiting for the signing of the budget, because it says there about the agricultural credit interest rates and whether there would be protection of the domestic market. The Sejm has always oscillated: Will there be a budget by 30 March, because that was to be or not to be of the Sejm. This year we speeded things up so that we could have the budget by the end of the year. Then it turns out that the question of the Sejm's to be or not to be comes back like a boomerang.

On behalf of all farmers I would like to ask for a minimum of stability for the planning of life in Poland and in the countryside, so that they can await with hope next year's budget, because we speak there about the credits that they are to get, to give them a sense of hope and stability for 1995 and subsequent years. These were the hopes that came with this coalition. Let us not spoil the Polish countryside's optimism and hope with the game play around the budget.

Transformations in the countryside will take a very long time. It is not a question of a year or five. These will be transformations that will take decades. It took West Europe 40 years to reach the level of the size of its' farms and its level of agricultural production. None of us said before the elections that we would reach their level in a year or two. This budget and strategy provide that kind of opportunity...

[Kwasniewski, interrupting] Could you wind up now. Thank you.

[Smietanko] ...and I would like to appeal for the president's decision aimed at signing this budget.

[Walesa] Minister, anyway, this is not just to you. Ladies and gentlemen, you are using the following tactic: First, give him one in the eye, completely unfairly, and then speak about how good I am, what I am striving for, and how I love the farmers.

Listen, when did I tell you that I will order the dissolution of 50 percent of agriculture? I told you that in the discussion with Mr. Jaglinski, that [voices in the background] I am sorry—that we should talk, because there could be an idea like that. Perhaps there could be a different idea, that we will make multistory agriculture. Multistory agriculture, why not? When they build mushroom farms, they have floors, five floors, and we will do agriculture on five floors. No, there is multistory farming. Well, you have not been to the countryside, and I have. [laughter]

That is why I am asking you not to do it, because first you make deceitful accusations and then play a goodie.

[Kwasniewski] Deputy Borowski. Then Prime Minister Pawlak.

[Borowski] Thank you very much. Mr. President: Complying with your request, which you have just expressed, I am not going to try to drag you down some dark alley or suggest that you have said something that you have not. But that does not mean there will be no polemics here.

As I listen here to all you have said so far, I keep wondering what is this all about. As far as the budget is concerned, you have said that it was not a question of the budget, it was a question of sorting out an issue besides the budget, and that is what you would like to force. You said that the budget was in fact, well, all right, it has its limitations. Anyway, you know very well that many domestic and foreign economists speak favorably about this budget.

As far as the act on pay in the budget-financed sector is concerned, you do not like it. You believe that it assumes—well, precisely what? Pay rises that are too low? That is not it, because you yourself have said that this is the wrong road, that, of course, had we assumed higher pay rises there, we would have inflation. So you have a plan, you have an idea how to make it so that this inflation does not come about. That is how I interpret your suggestion, because perhaps not everyone here has understood this properly.

So I interpret this as follows: Indeed, we cannot realistically assume higher pay rises, of 10, 15, or 20 percent next year, because that would carry the threat of inflation. In view of this, let us keep what we have put down now, but let us find different formulas. A different formula of this kind would simply be the distribution of property vouchers. I am speaking about specifics here. Have I understood you correctly, Mr. President?

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[Walesa] Almost.

[Borowski] Well, that is a success already.

[Walesa] For a professor. [laughter]

[Borowski] Well, the moment you have said I am a professor, I am one, since only you, Mr. President, are empowered to appoint professors. [laughter] So, thank you very much. Well...

[Walesa] Touche.

[Borowski] Well, Mr. President, I would like right now very seriously, without any underhand moves or tricks, to say that in view of this, the whole thing reduces to what you call the principal plan, or the main element of the principal plan, that is enfranchisement of the public. I would like to tell you that that is a very controversial program, a very debatable program, and in my view, implemented according to your ideas, it is simply wrong.

If you say that we have to privatize these enterprises and give shares to the budget-financed sector so that they can sell them at the stock exchange and make something on the side, well, then we have to ask ourselves, why give them only to the budget-financed sector. We do have old-age pensioners with very low pensions, with pensions that are too low, which you often point out yourself. We also have the unemployed—I am speaking about the genuine unemployed, not about those who run all sorts of schemes—we have the unemployed who cannot support themselves, they are on benefit, so perhaps we should take them into consideration here too. Finally we have the farmers, some of the farmers, who are genuinely impoverished. Why miss them out?

If we approach this issue like that, it turns out, Mr. President, that we will have inflation. It is just that it will be an inflation of capital vouchers. In view of this, your idea, that there would be sales on the stock exchange and incomes for the owners of these vouchers, will simply not happen. It will simply be worth zero.

So I think this is not the road to follow. The road to follow is the one which, admittedly, after certain pains, has been adopted by this government. That is, on the one hand the sale of good enterprises on the stock exchange, the procurement of money for the budget, and allocation of this money to important economic—and social—objectives, including pay rises in the budget-financed sector, and at the same time mass privatization through the national investment funds. I will not develop this subject any further. I believe this is the right road.

The next issue. There has to be some basis for this agreement, Mr. President.

I cannot agree that should we differ on the principal issues. If you, Mr. President, say—metaphorically speaking, of course, but I too will use a metaphor—if you say that when you give it some thought, three threes can be six, or it can be 20, I must say that it cannot. Three threes is nine. It has to be nine, and it is only on this ground that we can have agreement. One thing about the budget is that there is the left side and there is the right side, and I am very sorry but there is nothing left in between. This is what we have to move within.

You said, Mr. President, that we were moving on the edge of the law, that we surprised you. Well, we take this as a compliment. Until now it has always been you, Mr. President, that surprised us. I would like to say this clearly. What are we to do Mr. President? I am asking this sincerely. How is the coalition to defend itself? It adopted the acts properly. These acts make up the budget. The budget is a good budget. So, what is it to do? Is it simply to surrender? No, of course we are going to try to have these acts adopted in the form in which they were passed by the Sejm. We will do this in accordance with the law, just so that we are all clear, in accordance with the law.

But of course the best thing would be if we could come to an agreement about this, if we were to communicate and if we did not have to use any sort of schemes, because no one needs that.

Finally you say that we are awarding ourselves orders. Mr. President, there is something completely different at issue here. You know full well that this year we have very high growth indicators—production by about 15-16 percent, similarly exports, unemployment is falling, inflation is down. Now we are merely defending ourselves against your phrase that you used in a television appearance on 27 October when you said Poland was reminiscent of a cart that is sinking in the mud and that we were travelling more and more slowly. Mr. President, that is simply not true. Of course, this is not an achievement of this government alone. I want to say this clearly. I am saying this on my own behalf but I do not think this is my view alone. The fact that Poland has come out onto the straight, that it is moving ahead, it is moving ahead quickly and this is being noticed by more and more people in the world, was due to the governments of—I will begin with Rakowski, who started off private enterprise in Poland, Mazowiecki with Balcerowicz, Bielecki, Suchocka with Osiatynski, and Pawlak with his two successive finance ministers. [laughter]

That is right, Mr. President. We are not putting a spoke in the wheel. We have speeded up this development, while giving their due to all those before us. That is why we have a request that you, Mr. President, also do not put the spoke in the wheel, because that way we will not get very far.

To conclude, I have said that we are going to try to pass the budget act, preferably together with you, Mr. President, and to pass the budget-related acts, because we believe that this is useful and necessary for the state and for the economy. Whatever is useful and necessary for the state and the economy, is also useful and necessary for the president. Consequently, by acting that way, we will be acting in the best of your interests, Mr. President. Thank you.

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[Walesa] Ladies and gentlemen: Well, I have to say that, because we gradually have to come to an end, that you have prepared yourselves well. It all looks very well orchestrated...

[Kwasniewski] It was all ad hoc, Mr. President, pretty well ad hoc.

[Walesa] ...pretty well ad hoc. I especially gave you extra time, because the prime minister had been pressing for an earlier meeting, so I purposefully gave you extra time, because I wanted to hear all this, me and the people. You specifically said certain things, and I am surprised that this was how you put it. Because when I say that I want to force greater enfranchisement, then everyone who thinks, and does not even have to have economic education, knows that enfranchisement will force higher taxes, which will be enough for the old-age and disability pensions. Think three moves ahead. You think only one move ahead.

A forcing, enfranchising move brings about a pay out of all sorts, factories and others. [sentence as heard] Because people have to pay taxes, because it is standing still, many things, or is badly cultivated. This causes higher taxes and taxes cause higher old-age and disability pensions. I do not think I have to convince you of this, because that much you probably know.

Now you asked the question, what was it really all about? So I will tell you. Well, especially you, you lost power for a moment and now you want to regain it completely. For 50 years several people, even at the top of the power structure, tried to do something for this country, but in fact someone else ruled, someone else manipulated things. Today, similar structures are being rebuilt. That is why there are attempts against the ministries over which I have influence, among other things we have not spoken about this, because I also wanted to show this here, before Poland, what is really going on here. That is why if you act like this, the budget is going to be only a part, that is right, only a part of this whole game, but counter-revolution will not pass in Poland. I guarantee this to you, because there was Moscow, and you could not cope with this, and now you are not going to cope either.

That is why we must not go back to old issues, let us start working for Poland but looking at it from the social side, from the side of social understanding and not of making arrangements for yourselves and of the struggle for survival, which you regard as the most important thing. I have answered you straight because that is how you asked me.

[Borowski] There is just one additional question, Mr. President, because I am not clear about this. Could you develop the subject of Moscow a little?

[Walesa] The struggle for the change of system was at a time when Moscow helped the left and the communists in Poland. We coped with that. If now you think, or anyone else, that the public is not going to cope with what is happening in Poland, with the mess, the anarchy, the lack of solutions, the lack of enfranchisement, or this sort of God-knows-what enfranchisement, you are very wrong.

There will be bills to pay. There will be bills and they will find everyone who enfranchised themselves, like what is happening now. How they enfranchised themselves! I want us to believe that this has to happen because justice has to prevail. If you do not try tricks to regain power, including over the president, then we will occupy, focus on the most important issues and I am ready for that kind of cooperation. But I do not see anyone willing and I do not see you striving in that direction.

[Kwasniewski] We still have Prime Minister Pawlak as the last contributor.

[Pawlak] (?Do not want to say anything,) Mr. Chairman?

[Kwasniewski] No, I was just going to say that this is the end.

[Walesa] That is the end. We have got to end, because I have...

[Pawlak, interrupting] Mr. President, Mr. Sejm Speaker, Mr. Senate Speaker, Mr. Chairman: I think that during this meeting we were able to present publicly various arguments, present our common concern for Poland, and present proposals and ideas for solutions as best as everyone could.

We spoke here about many issues, also about details. I do not want to go back to the details. One difficult question remains, which was not asked. I would also like to put this question here, because sometimes it so happens that, irrespective of our intentions, because of our participation in public life, reality puts us face to face with one another and it is important that we, while respecting each other, understand each other's arguments.

I refer here specifically to the issue of the Ministry of National Defense, and I would like to ask you, Mr. President, how you interpret the constitutional provision under Article 61—that the motion to appoint the minister of foreign affairs, the minister of national defense, and the minister of internal affairs—is submitted by the chairman of the Council of Ministers after consultations with the president. What I would like here is simply for us to understand each other's views.

I would also like to emphasize that the government, the parties that make up the coalition, want to and will consistently and firmly work to improve the public's situation, irrespective of the conditioning factors and impediments, whether objective or subjective, since we interpret our mission as a public service and an obligation to hard work, an obligation placed upon us by all those who voted both for us and for our competitors.

There are a great many objective difficulties. We spoke here about the most drastic ones, about the fact that

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there are more than 2.8 million people without jobs, that there are regions in Poland where unemployment exceeds 30 percent and reaches 50 percent. There are many people who earn little. Our enterprises are subjected to foreign competition; they have to work very hard to maintain their position.

There are also subjective difficulties that appear in various places from a variety of people. But these are the realities of politics. I think we are united by one thing, irrespective of the position, the place from which we look at our difficult affairs, we share the concern for the success, the development of Poland.

To end, I would like to wish the president, the Sejm and Senate speakers, all those present in this room, and all those listening to our proceedings and watching them, to wish them a merry Christmas and a happy new year in the hope that we, in concert, will make every effort for our common interests, thus contributing to Poland's success.

[Walesa] Ladies and gentlemen: There are many subjects and we have in effect only discussed the budget. I understand that this is the most important thing for those sitting here because it guarantees their seats—just a minute. just a minute, I can draw that kind of conclusion, because I was constantly proposing all sorts of subjects.

At the end the prime minister put forward the subject of consultations when appointing ministers. I want to say that as I continue to understand it, it is I who ultimately appoint them and not the prime minister. I want to say even more. I also understand this as the appointment of the commander of militia...

[Unidentified voices, interrupting] Police, police.

[Walesa] I am sorry—police, at a motion from the minister. I understand it the same way, that from the submitted proposals you select the third one. [sentence as heard] So I am also going to apply a similar one, if you do not understand it.

[Kwasniewski] Is that all?

[Walesa] Yes.

[Kwasniewski] Have we still got a minute or not?

[Walesa] Well, listen, we have to finish here.

[Kwasniewski] All right, we are about to end. Just a word from Deputy Prime Minister Kolodko and then, I take it, we close.

[Kolodko] I understand, Mr. President, that you are prepared to consider our proposal to stand at the head, rather than in the way of the reforms, especially of the social insurance system. I would like you, Mr. President, to be with us in the belief, on the eve of Christmas and the new year, that this is not just a question of the budget of the Polish state, but that without this budget, this will also be a concern for all our fellow countrymen as far as their domestic budgets are concerned, since this budget serves to equally improve the financial situation of the employees of the budget- finances sector and of everyone else—those who have jobs and those who do not have jobs. We are glad that there are fewer and fewer of these.

I would like to take this opportunity to give you a PPP [Pomocnik Przeliczania Pieniedzy—money conversion calculator], which is set to Z1.5 million. It shows at the bottom here that this converts into 150 new zlotys. I would like to wish you, Mr. President, that using this crib you will manage well to convert the old money into the new in the budget, which you will give us for the new year. Thank you.

[Walesa] Ladies and gentlemen, I have to reply. Of course, I repeat again, as far as the budget is concerned, we will give it serious thought. There is also one more supplement, as far as these issues of the Army, the police, and so on.

Ladies and gentlemen: Do not be surprised. It was I who was shot at and I who does not want it to happen again. No one has been taken to account for that period. It is now 24 years since that date and that is why today it is difficult to hand over these strategic points to the heirs, or forever. Do not count on that happening, unless you manage to account for that period as a continuity and unless it is a guarantee for the public, then no one will ever shoot at me again. Thank you very much.

[Unidentified voice] What about at us?

[Walesa] Certainly. As far as this goes, you can be sure of it, madam. I have already gone through this.

[Kwasniewski] All right. Ladies and gentlemen...

[Unidentified voice, interrupting] What about the Yeltsin alternative?

[Walesa] I submitted the Yeltsin alternative before Yeltsin organized the shooting. Yeltsin did not listen to my alternative, he made his own alternative. You have transferred this in time and you are saying that I want to do things like that. No, this never happened to me because I have lived through it. I am fighting for structural security, I am fighting for proper solutions. Just because I cannot always be right? Let us have a debate, I am willing to debate.

[Kwasniewski] Ladies and gentlemen: I think we should thank the president and the speakers and all of you for taking part. We have good news before the festive season: The budget can still be debated, there will be no shooting in either direction, other than with popping champagne corks, which is something we do not mind....

[Walesa] If you get the ministries, then I do not know.

[Kwasniewski] I understand we are going to continue our debate on the issues that have not been raised here. We have a strong request to the president, although this is a

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peculiar phenomenon—I do not know if anywhere else in the world conversations like this take place in the presence of television cameras, but let this be our contribution to the development of the media and the development of democracy in the world—but I propose that such talks be continued, so that we can focus on other issues, because some significant ones still remain—connected with the Constitution, with mutual cooperation, with the departments that have to be discussed—because obviously we are interested in finding solutions that are effective, specific, and solutions that would guarantee a strengthening of democracy, rather than its weakening.

As far as heritage is concerned, the president did not look at it, at least as far as some appointments were concerned, and we appreciate that, we appreciate it very much.

So if I may, I would like to join the prime minister in his wishes to everyone here, especially the president, the speakers, all of you, ladies and gentlemen, and above all, to all those who stuck with us for more than two hours and watched us. All the best for Christmas, much success in the new year, and I hope we will have more of these meetings. Thank you very much.

[Walesa] Thank you, thank you.

Tatars Protest Russian Intervention in Chechnya

LD2312122294 Warsaw PAP in Polish 1101 GMT 23 Dec 94

[FBIS Translated Text] Gdansk, 23 Dec—On behalf of the Central Board of the Polish Tatars Union, Dr. Selim Chazbijewicz today sent to PAP a protest against the Russian intervention in Chechnya.

"We Polish Tatars have been Polish citizens for centuries, and we have suffered Russian aggression many times, as has the entire Polish nation. Poles who fought for freedom have on many occasions hosted the mountain people from Caucasia who fought Russian imperialist policy and occupation for 200 years. Let us recall that as early as in 1919 the government of the Polish Republic recognized the Republic of North Caucasia, which existed in 1918-20 and was brutally pacified by the Soviet army. We call on all people of good will to support the fighting and dying Chechnya," the statement says.

Rightist Parties Reach 'Fragile' Pact

WS2712155394 Warsaw GAZETA WYBORCZA in Polish 24-26 Dec 94 p 3

[Report by Wojciech Zaluska: "Confederation of Agreement or Fear? The Right Encourages Morals"]

[FBIS Translated Text] **Confidential negotiations between the Alliance for Poland and the 11 November Accord may soon lead to the emergence of a confederation, as confirmed by the leaders of both blocs. They have begun to seek agreement in view of the fact that earlier parliamentary elections are quite probable.**

Political warrior Janusz Korwin-Mikke of the Union for Real Politics [UPR] avoids making controversial statements. Several days earlier, he questioned the rightist character of the Secretariat of Center Right Parties [SUP] and a part of the Alliance, yet he did not rule anyone out from the future confederation.

Leader of the Christian-National Party [ZChN], Ryszard Czarnecki, is also speaking in conciliatory tones, and Jaroslaw Kaczynski—well-known for his sharp tongue—is trying not to offend any potential ally. When, at a news conference held on Thursday, he criticized attempts at creating a faction around Wojciech Dobrzynski, who had been expelled from the leadership of the Center Accord [PC], he did drop Czarnecki's name, although it was known that he was thinking of him when speaking of the inspirer.

It thus seems that the 'axis' of the future confederation will be formed by ZChN, UPR, and PC. They will be joined by smaller parties from both rightist blocs: the Peasant Accord [PL], the Conservative Coalition [KK], the Movement for the Republic [RdR], the Christian Democrat Party, and the National Democratic Party. The Conservative Party and the Peasant Alliance (of the 11 November Accord), headed by Aleksander Hall and Artur Balazs respectively, tend to glance rather towards the Freedom Union.

It remains unclear whether the minuscule SUP will join the confederation, as that would mean an influx of leaders without gaining a substantial number of voters. Neglecting SUP might prove difficult, as it has recently established closer ties with Solidarity. Both rightist blocs might be forced to pay for Solidarity's cooperation by settling for SUP. Plus, the right desires that cooperation. Solidarity is the largest and best organized anticommunist structure.

The future solidarity-right bloc would cooperate on a referendum on the Constitution, as well as parliamentary and presidential elections.

The parties are currently arguing as to the presidential candidate. Some (for instance ZChN, PL, RdR) want to support Lech Walesa, others (for instance PC and KK) want a different candidate. Czarnecki recently came up with a compromising idea that a joint candidate be put forward, and if he does not pass on to the second round, Walesa will be given their support. Korwin-Mikke approved of the concept. Kaczynski is strongly against it.

The conflict over Walesa clearly shows how fragile the rightist agreement is. A confederation established in haste would thus become a confederation of fear of losing the elections. It will survive if the president dissolves the parliament before its term expires. And if he does not?

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Satellite Cooperation With Ukraine Announced

LD2512100494 Warsaw PAP in Polish 0222 GMT 25 Dec 94

[FBIS Translated Text] Warsaw, 25 Dec—Poland is to cooperate with Ukraine in the construction of a joint telecommunications and television satellite allocated for central and eastern Europe, Professor Janusz Zielinski, chairman of the POLSPACE consortium, has told a PAP journalist. POLSPACE will participate in work on the construction of the satellite from the Polish side.

This is to be a telecommunications satellite with a range covering Europe and the Middle East, included in the European Eutelsat system, and mainly intended to serve Ukraine and Poland. The satellite, to be called "Lybid" in honor of the legendary princess, the cofounder of Kiev, will start work toward the end of 1997. The satellite, which weighs 1700 kg, will be lifted into geostationary orbit by a Ukrainian "Zenit" rocket. "Lybid" will assure over 40,000 simultaneous connections with the opportunity to increase that number, and will also facilitate television transmissions on a number of channels.

The Ukrainian National Space Agency will assure the construction of the satellite and its location in orbit. The Polish side will concern itself mostly with issues of information transmission and reception, the creation of a network for communication with the satellite, and the system for its utilization.

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Planned Eviction of Hungarians Said 'Abusive'

AU2312140494 Bucharest EVENIMENTUL ZILEI in Romanian 20 Dec 94 p 4

[Article by Marcela Feraru and Andra Iacob: "UDMR Parliamentary Groups in the Senate and Chamber of Deputies Request Suspension of Cluj Mayor Gheorghe Funar From Office"]

[FBIS Translated Text] Yesterday, 19 December, the UDMR [Democratic Union of Hungarians in Romania] parliamentary group in the Chamber of Deputies, requested that Cluj Mayor Gheorghe Funar be suspended from office. The request is based on the abusive measures by City Hall to evict several ethnic Hungarians from their homes on the grounds that they have excess room in their dwellings, as per a Communist law [enacted under Ceausescu] that allocated a dwelling area of 8 to 10 square meters to each tenant.

As per the statement included in the interpellation, this measure refers mainly to elderly people who are living in their own formerly nationalized dwellings. The request is accompanied by a list that includes the names of those who are going to be evicted.

Yesterday, during the program of interpellation in the Senate, the UDMR parliamentary group also made a similar request to Octav Cozmanca, head of the DAPL [Department for Local Public Administration].

Minister Denies 'Militarization' of Szeklerland

AU2412172894 Budapest MAGYAR NEMZET in Hungarian 22 Dec 94 p 2

[Correspondent's report: "There Is No 'Militarization' of Szeklerland"]

[FBIS Translated Text] In its 21 December issue, the Romanian daily CRONICA ROMANA published an interview with Defense Minister Gheorghe Tinca under the title "Every Soldier in the Romanian Army Belongs to Romania!" Making use of the opportunity, Gheorghe Tinca essentially tries to answer the real or imagined accusations published in the Hungarian press in Hungary and Romania. It is difficult to decide which publication said what, because the period under discussion was almost two years; however, it is worth noting that, treating all the newspapers alike, Gheorghe Tinca calls all of them "insignificant paper." If they are indeed nothing but insignificant papers, why the big fuss, the detailed answers, explanations, and the multitude of principled deviations?

The interview tries to reject the "accusations" in connection with two sets of questions: one dealing with the "militarization" of Szeklerland and upsetting the ethnic balance of the region; the other dealing with the situation of ethnic Hungarian conscripts in the Romanian Army. Gheorghe Tinca firmly denies the claims, based on facts, that the number of soldiers stationed in the two Szekler counties is higher than average and that they are trying to change the ethnic composition of the region by appointing officers and warrant officers in this region. "As for the militarization of this region, the entire issue shows political immaturity.... Gheorghe Tinca is quoted as saying: It is clear in principle that in any state—be it uniform, federal, confederal, cantonal, or full of autonomous regions—defense policy as well as the deployment of military units are the task of the central organs"—Tinca finds it ridiculous that local government bodies should have the right to interfere in defense policy. In Tinca's view, they would thereby exceed their sphere of authority, and there are political and ethnic interests behind such demands. Tinca also finds another opinion unfounded: namely, that the presence of some 200 army officers and the deployment of about 1,200 troops in the two Szekler counties could change the ethnic composition of this region, which—Tinca declares—has remained essentially the same for 75 years.

In the second part of the interview, Tinca describes the background of several suicide cases and accidents, stressing that the conscription system in Romania simply does not make it possible for the soldiers to serve in their native region or close to it. Therefore, it can happen that ethnic Hungarians, Germans, and Gypsies will serve in regions far from their place of residence. After admitting that the conscripts are not living under the best of conditions and that frustration often leads to suicide, he points out that 75 new conscripts committed suicide in 1993-1994, but that there were only seven Hungarians and two Germans among them, and one can hardly draw the conclusion from this that the attitude toward national minorities is discriminatory. Tinca also mentions the issue of the convicted ethnic Hungarians from Oroszhegy and Zetelak, saying that these people refused to go into the army out of "fear" and that, in his view, the relevant articles that have appeared in the Hungarian press are merely speculations lacking any foundation, because statistical data prove that the number of suicide cases is higher among civilian ethnic Hungarians than among ethnic Hungarians serving in the Army.

"I would point out in full responsibility that the suicide phenomenon has nothing to do with the national minority issue"—Gheorghe Tinca sums up his views, and he adds that it is probably in the interest of those newspapers and of certain circles to undermine the people's confidence in the Romanian Army and that they might even think they "are undermining the foundations of the Romanian state," but they are mistaken because the truth only seriously discredits them.

PUNR Leader Proposes Measures Against UDMR

AU2312184594 Bucharest CURIERUL NATIONAL in Romanian 20 Dec 94 p 3

[National Romanian Unity Party "Communique" signed by party chairman Gheorghe Funar; issued in Cluj-Napoca on 19 December 1994]

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[FBIS Translated Text] The National Romanian Unity Party [PUNR] appreciates the firm and resolute position of the Romanian Government in reacting to the declarations and appeals issued by the council of representatives of the UDMR [Democratic Union of Hungarians in Romania] that congregated recently at Cluj-Napoca.

In response to the declaration issued by the Romanian Government, the UDMR was sufficiently brazen to issue a crazy reply, trying to deceive public opinion once more by invoking a so-called translation error.

Considering that the UDMR actions directed against constitutional order and the interests of the Romanian nation have intensified both in the country and in the Republic of Moldova, the PUNR requests, among other things:

1. Romania's president and parliament, as well as the government of the country, should inform every European body about the recent actions undertaken by the UDMR and about the peril the party represents for the stability of this part of Europe.

2. When parliament resumes its activity following the recess, the Romanian Government should present a report at the plenum on the way in which it implemented the lawmakers' decision, referring to the Covasna-Harghita Report.

3. The Court of Accounts of Romania should urgently look into the way in which the UDMR spent public money during the period 1990-1994.

4. The Romanian Government should issue rulings forbidding political activities in schools and churches.

5. Parliament should make a decision, by means of an emergency procedure, as regards the law ordering the collecting of firearms, ammunition, and explosives currently owned illegally by the population. So far, large quantities of arms and ammunition have been introduced into Romania, and they are now in the possession of physical persons, especially ethnic Hungarians.

6. Parliament should finalize the text of the oath of loyalty to be taken by each of Romania's deputies and senators.

7. The inclusion of the UDMR parliamentarians in official Romanian delegations should be suspended until they declare their loyalty to the Romanian state.

8. As a political party carrying out its activities in Romania, the UDMR should issue its declarations, appeals, and protests in the official language of the state: Romanian.

9. National and local radio and television stations should not allot to Hungarians air time in excess of 7 percent of their total air time, a percentage corresponding to the proportion of the ethnic Hungarians compared to the entire population of Romania.

10. Publications in the Hungarian language, which have been and are conducting an anti-Romanian policy, should no longer be financed from the state budget.

11. The MONITORUL OFICIAL AL ROMANIEI should no longer be printed in the Hungarian language, as this lacks any juridical basis.

Iliescu on EU Expansion, Bosnian Conflict

BR2312144794 Madrid ABC in Spanish 23 Dec 94 pp 38-39

[Interview with Romanian President Ion Iliescu by Cristina Lopez Schlichting in Bucarest; date not given: "Declarations by the Romanian President on the Occasion of the Fifth Anniversary of the Revolution: 'Milosevic Is Taking a Substantial Personal Risk by Supporting Peace'"]

[FBIS Translated Excerpt] [Passage omitted] [Lopez Schlichting] The negotiations on your admission as an associate member of the European Union [EU] have just been concluded. How were the bilateral talks?

[Iliescu] Spain supported us but there were some problems. During the negotiations with EU representatives, there were three areas of conflict: the steel, textile, and agricultural sectors. I think it is important to realize that an effort must be made to find a solution to these problems, because the integration of all European countries is a process that is irreversible.

[Lopez Schlichting] Romania is increasingly teaming up with Serbia and Greece—which is, in turn, in a difficult position within the EU.

[Iliescu] This is not really true; it is a journalistic picture to simplify events. I think the international situation is much more complicated. The truth is, rather, that Romania does not have a biased position in favor of the Serbs and against the Muslims and Croats. Romania has always promoted a balanced position.

[Lopez Schlichting] Your country has always kept its door open to Serbian President Milosevic. He was received very warmly in Romania, with red carpets and lavish receptions. This caused some surprise...

[Iliescu] Not only Mr. Milosevic visited Romania; several representatives from that region visited us, including Croatian President Franjo Tudjman. In addition, we met with [Bosnian] President Izetbegovic in New York, where we suggested he get in touch with the Serbs. He put forward one condition: Serb and Yugoslav recognition of Bosnian integrity. The Yugoslav representatives said they had already done so by proclaiming Yugoslavia, i.e. Serbia and Montenegro, because this implied that they had also recognized the other states. However, they said there is an internal problem in Bosnia between the Muslim and Orthodox Serbs (because there is no racial conflict in Bosnia—they are all Serbs) and the Croats. Lastly, we are in permanent

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contact with all the Yugoslav republics—not just the Serbs—and we want to help find a political solution to the conflict, because we think there is no military solution. It is a major mistake to stimulate and support military conflicts.

[Lopez Schlichting] Who are you referring to?

[Iliescu] To the international community and, more particularly, to the [possible] lifting of the Bosnian arms embargo by the North Americans, something that would fuel the war. We, however, welcome all forces willing to negotiate a peaceful solution. For instance, in the spring we will receive Messrs. Owen and Stoltenberg, the two people best acquainted with the internal Yugoslav situation and conflict. I think the Contact Group's peace plan was a good initiative. Mr. Milosevic, too, has adopted a realistic position by supporting this plan and urging the Bosnian Serbs to accept it. Everybody should support Milosevic, who is taking a substantial personal risk. Now he is being blamed for the fact that, despite his position, he did not bring about the end of the embargo against Yugoslavia. Extremist groups accuse him of having caused a split within the Serb camp. They regard him as a traitor to the Serb cause. I have written a personal letter to Mr. Karadzic requesting him to accept the peace plan, even if it is not an ideal solution. There are no ideal solutions, but the peace plan is a good basis for resuming negotiations. The position of the Pale parliament on this issue is known to be very rigid and the situation is bogged down. The Bosnian Muslims tried to take advantage of these deadlocked relations between the Serbs and the Bosnian Serbs to regain some ground in the war.

[Lopez Schlichting] So, even if the Bosnian Serbs continue to reject the peace plan, you think they should not be punished by a lifting of the arms embargo?

[Iliescu] No. I think they should be encouraged to move in the direction of the peace plan. And I even think I am able to add something: Mr. Karadzic is willing to negotiate the plan if a cease-fire is achieved in the current circumstances. [passage omitted on internal issues, five-year revolution]

Official Views Chances of NATO Membership

AU2412172994 Bucharest CURIERUL NATIONAL in Romanian 20 Dec 94 p 3

["Exclusive" interview with Ioan Mircea Pascu, state secretary at the Ministry of Defense, by unidentified MEDIAFAX news agency correspondent; place and date not given: "Whoever Joins NATO Now, Will Make It. The Others Will Be Left Out for Good."]

[FBIS Translated Text] [MEDIAFAX] During a public meeting of the Future for Romania Group you asserted that the current inconsistency between the message we are relaying abroad and domestic reality may lead to Romania's exclusion from the NATO integration process. Considering the fact that it is far more difficult to mold domestic reality, do you believe that the danger you mentioned could actually become a reality?

[Pascu] I believe the gap you mentioned between the message and the reality—considering the objective fact that changes in reality occur at a different speed from those in international life—is something that should not be regarded in an absolute way. I believe there are two things that could speed up the disappearance of that gap. Besides, one should also consider the potential of our development. We ought to very precisely define the lines along which we are to act on the domestic plane. On the other hand, there are also subjective factors involved. The latter pertain to the persons currently leading the Western structures that we intend to join. I believe there is a great deal of subjectivity in the way they assess the stage reached by various countries in our region. I am not so sure there is any difference, from the point of view of their development level, between the countries belonging to the Visegrad Group [Poland, the Czech Republic, Slovakia, and Hungary]—which seem to be the candidates that can be sure they will be admitted—and the other countries of our region, including Romania. I think it is a matter of interpretation and political interests, but in order to reduce that gap we have to make sure we state sufficiently clearly that we wish to do so.

[MEDIAFAX] Is the subjectivity of the Western decisionmakers to some extent favorable, for Romania?

[Pascu] Their subjectivity, as I already said, stems from the Western interests. Therefore, there is a strategic subjectivity, which can be related to the aforementioned interests, and there is also a tactical subjectivity. Sometimes they articulate certain things and prefer to keep silent about others—these are not tactical moves—in order to more easily attain one of their objectives. I believe these are the terms in which we should judge our situation.

[MEDIAFAX) Two weeks ago, also during a public meeting, your views on Romania's chances of integration into NATO were quite pessimistic. Would you elaborate on that?

[Pascu] If things continue to evolve in the direction they seem to be evolving in now, one cannot exclude that several groups of states will be set up—which will be admitted one at a time, in a certain succession, to Western structures, particularly NATO. I can say the problem is that Romania could be left out of the first group—which of course includes the Visegrad Group. But I repeat, this is not certain yet. It cannot be excluded that the analysts will change their minds—in which case we will be witnessing certain shifts in priorities. Therefore, we have to be prepared for all cases. We have to have mature and pondered answers for every situation.

[MEDIAFAX] If Romania is included in the second group, what will be the time lag, compared to the first group?

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[Pascu] The issue is as follows: Will there be several expansions or rather a single expansion done in several stages? It could well happen that there will just be a single expansion. In that case, whoever joins NATO now, will make it. The others will be left out for good.

Minister Views Russia's Attitude Toward NATO

AU2312152694 Bucharest ADEVARUL in Romanian 17 Dec 94 pp 1,5

[Interview with Defense Minister Gheorghe Tinca by T. Dumitrescu; place and date not given: "Why Is Russia Grumbling?"]

[FBIS Translated Text] [Dumitrescu] Recent economic developments can be qualified as positive for Romania. The clear options for integration into European and Euro-Atlantic economic, political, and security structures seem to have been better understood by West European countries and the United States. Russia's position at the CSCE summit in Budapest and in Brussels, however, does not seem to convey a very optimistic message for the progress of the process of the integration of countries of Central and East Europe into NATO and European Union structures.

Do you believe, Mr. Minister, that Europe in general and the countries of Central and East Europe in particular, will pay greater attention to Moscow's frame of mind?

[Tinca] No doubt whatsoever that Russia must be part of Europe's framework. If it were different, the hotbed of confrontation would be maintained and we would quickly be back where we started.

Russia's contribution to the European construction should, in all its aspects be one, that takes into account the statute of that country. Russia is a big political power, a worldwide military nuclear power. It has an inconceivable economic potential. The Russian culture has elements that are an integral part of the European culture; and the Russian people, although they have gone through terrible tragedies, maintain their Messianic character, and believe they still have a say in history.

All these attributes make Russia different from other countries in Central Europe. That is the reason for the particular interest in what is going to happen to Europe in the future. We must be realistic and not build our future plans on illusions. No doubt we are talking about Russia's constructive contribution, and this requires a common interest for a common future.

Basically, your question raises the issue of Russia's veto over the course Central European countries should follow, mainly on the issue of their security.

I might say that Russia's position does not excel in clarity. Sometimes, for example, it recognizes the NATO expansion—while it in fact opposes such a move. At other times, it shows interest in the Partnership for Peace, which it had signed—but in reality it wants something else. Maybe Russia's goals are not clear to us. However, it might also be that Russia has too many hot potatoes in one hand to pay attention to, or make the effort to understand, what is really happening or what the European area—which was until very recently part of the Warsaw Pact—wants.

[Dumitrescu] Indeed, that is the issue I wanted us to discuss: the issue of the veto. There are ambiguities on both sides. Both the United States and the West European countries reject Russia's veto in declarations, but it seems that in reality they accept its objections.

[Tinca] There are several aspects of the issue of the veto and I believe that one should proceed from recognizing that Russia has interests that have to be taken into consideration. I am thinking of legitimate interests, such as state interests—especially considering that Russia is also a great power. In fact, there is nothing special in recognizing and taking into account the interests of others, because this is an essential rule of dialogue and of living side-by-side, particularly in times of interdependence.

Russia says that the hasty expansion of NATO toward the East would lead to internal squabbles and would probably be shocking to the existing mentalities, which still perceive the world as being divided into adversaries and "natural friends." We see here a legitimate interest of Russia's in not wishing to see the emergence of a situation that would affect its stability even further. , Russia probably needs some time before it is convinced that NATO and all those who want to join it are not hostile to Russia. I would even dare say that the latter—namely, the countries that want to join NATO—could stress those elements of the alliance that can put Russia's mind at rest.

How could Hungary or Romania for example, embark upon the adventure of aggression against Russia? One could come up with the argument of the history of World War II, but this should be approached in a qualified manner. Romania did not enter the war of its own will. It attacked because previously, after the Soviet ultimatum, a part of its territory was taken away; it was imperative to get that territory back, by whatever possible means. Today things are a little different. Apart from this, we are not against special relations between Russia and the United States or Europe. On the contrary, we consider such relations useful because they should stabilize the major source of potential future confrontation and conflicts.

Thus, as far as the moment of NATO's expansion is concerned, probably some amenable steps toward Russia could be taken, in everybody's interest. The Partnership for Peace, followed seriously and based on everybody's confidence in its value as a progressive and transparent process of integration, could be an adequate framework in which Central and East European countries could find a source of comfort for their feeling of insecurity.

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[Dumitrescu] What, then, is the essence of the veto that makes it unacceptable?

[Tinca] It is when the moment of integration is confused with the methods of integration and a gradual approach—country by country, or perhaps countries grouped by categories—is requested.

The way in which the integration into NATO of the Central and East European countries has to be carried out is a question that is part of the relations between these countries and NATO. The problem will be solved only by these states, without conditions being set by another state that does not belong to this alliance. To agree to a gradual approach would mean to give in to Russia's views, to its demands; and this would be detrimental to the legitimate interests of others, who cannot suppress feelings of insecurity and therefore wish to make the best possible security arrangements.

The gradual approach also includes also an aleatory element. Nobody can tell how many stages the process of integration requires—if there is need for several stages or if the first will also be the last. This would inevitably lead to the establishment of a zone with a provisional or indefinite status until Russia feels able to respond the invitation to do what it wishes. A few countries would virtually remain hostage to the act of diminishing Russia's apprehension—provided other countries do not cause Russia such apprehension. Some would be sacrificed for the tranquility of others, or of the rest of the countries. This undefined status is unjust, runs counter to the European spirit, and is, in the long run, dangerous.

Finally, to share the gradual approach on grounds that the acceptance of all Central European countries together would "frighten" Russia would mean, precisely, to acknowledge the Russian veto—although, in statements, it is repeatedly rejected.

[Dumitrescu] However, Russia has reasons to feel isolated, and its fear can spring from this isolation, considering that Russia had some bad experiences throughout its history. The NATO expansion toward the East could at least make logical Russia's wish to have something between herself and the rest of Europe.

[Tinca] Combined with intelligence and imagination, the existing political opportunities today could create a durable European context of which Russia, far from being isolated, would be one of the forgers. Within this framework, there would be no room for Russia's apprehension. But history can provide examples of other experiences as well. One can see that the Slav element was in expansion throughout historical developments. These are experiences that should not be discussed today, when the world wishes to see a different Russia and to encourage it along the path of trust and mutual respect.

As far as the expansion of NATO and other European structures toward the East is concerned, I do not believe that the way it is expressed exactly reflects reality. First of all, I do not believe that there is a move from West toward East; there is, rather, a move from East toward the West. The countries of Central Europe wish to enter Western structures, and not the other way around.

A last aspect that I want to point out here is that it is in Russia's fundamental interest to be surrounded by a belt of stable countries with healthy and effective economies, with which it can cooperate. Russia needs them mainly now, when it has to revive its own economy. The economic interaction is an objective requirement, and Russia should not ignore the advantages of cooperating with smaller countries, such as former CEMA countries, for the start. Among others, one major reason for this would be the fact that the current generation of economic agents know one another quite well. The major threat for Russia is not the military threat but the instability brought about by the domestic economic chaos. There is also an element brought about by the political regime. Russia's interaction with more consolidated democracies in Central Europe is also beneficial for Russia. And if all this is true, then the question that arises is: Who, of Russia's European neighbors, can make a greater contribution to the political and economic stability of those who surround Russia, and give them the much-needed feeling of security? Logically the answer is the Atlantic Alliance, and only because NATO has remained the sole security structure that is already formed and is credible.

It seems paradoxical, but Russia's genuine strategic interests require stability in our area, and this can be ensured only by NATO. Maybe this is where the essence of Russia's strategic relations with the United States should be sought.

[Dumitrescu] You have already mentioned these strategic relations. Are they necessary? And if yes, what do they presuppose?

[Tinca] There is some ambiguity on this point as well. It is said that such relations exist between Russia and the United States, between Russia and Germany; others are talking about certain relations that Russia allegedly has with NATO and the Western European Union. It is also suspected that there are already such relations, or that they are about to be established. As far as the substance of these strategic relations are concerned, things are even more unclear. You see, there was some talk about the Yalta accord from the very first moment it was concluded. I read the essential terms of that accord in a telegram dated 1945 that is in the Foreign Ministry archives. Thus, there was talk about it as early as back then. Many did not believe it or did not want to believe it, even when things were strikingly evident. I believe that today, discussions about strategic relations have stemmed from the need for such relations. We are living in a real world and things should be taken as they are. Utopias lead to failure. It seems to me normal and in the world's interest that the major nuclear powers should

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have relations that, given the current circumstances, should be special. The major problem is: What kind of relations will these be? What will be their substance, and what are their consequences for the others? If such relations are based on justice and law, and on respect for others' identities and their legitimate interests; if they are transparent relations of solidarity aimed at defending human values and equality of opportunity for all who seek their own prosperity, then these strategic relations that we are talking about are acceptable and will go down in history. If not, then they are something different—or something that prevailed before.

From this viewpoint, the countries that wish to join NATO are also those that face the difficult problem—or maybe the most difficult problems—because they have to make an immense effort and consider very seriously the committments they assume, because NATO will no longer be the one they have known all along. The question is: What is the price they have to pay for guarantees of security—which, because of the aleatory nature of any political process, will never be hundred percent sure. There are difficult answers, but these countries have no other alternatives that could adequately suit their own interests. There is a risk in everything.

Officers Involved in Uranium Smuggling Network

AU2312152994 Bucharest EVENIMENTUL ZILEI in Romanian 20 Dec 94 p 16

[Article by Oana Maiuga and Doru Dragomir: "Officers of the Guard and Protection Service and of the National Defense Ministry Have Been Involved in Smuggling Network; A Scientific Researcher and University Lecturer Started the Uranium Smuggling"]

[FBIS Translated Text] The first case of trafficking in radioactive substances in which two officers—one from the Guard and Protection Service [SPP] and one from the Ministry of Defense [MApN]—are involved is approaching its final phase, the trial before the Bucharest military tribunal.

The case attracted interest mainly because two officers were involved in the trafficking: Lieutenant Vladimir Romulus Cumpanasu and Alexandru Halauca, former MApN officer at Steaua Club. Twelve hours after the SPP officer was arrested, Major General Dumitru Iliescu, head of the SPP, issued an order via which the lieutenant in question was transferred to reserve duty.

Succession of Harmful Events: Seven People Got Hold of Radioactive Substance

Four people were caught handling radioactive substances in Snagov on the night of 29-30 September 1994. These people were, respectively, Lt. Vladimir Cumpanasu, of the SPP; Alexandru Halauca, MApN officer; and two civilians: Gheorghe Florea, a company director, and Nicolae Dumitru, a worker. A plastic bag with four other plastic bags in it that contained a greenish substance was found in a Dacia car that belonged to the SPP officer. After the substance was checked, it became clear that it was 4.556 kg of uranium tetrafluoride, a substance that contains about 60 percent uranium.

The uranium travelled a long road before it was seized. Everything started at the institute that possessed such a substance. In August 1994, Ilie Matei, scientific researcher at the Bucharest-based ICPMRR institute, walked away from his workplace with 4.556 kg of uranium tetrafluoride, which he stored in his home. After a while, the radioactive substance left this temporary shelter and was handed over to Constantin Constantiniade, university lecturer at Bucharest Polytechnic University, who managed to find a customer. Constantiniade got in touch with his brother-in-law Constantin Marzavan, a businessman, and together they looked for a buyer.

The succession of harmful events continued. Marzavan got in touch with Alexandru Halauca, a MApN officer. Halauca, together with Lt. Cumpanasu, found the next connection and set up a meeting at Villa 23 in Snagov.

Nicolae Dumitru and Gheorghe Florea are the two people the officers had contacted. The four were caught red-handed at Villa 23 in Snagov on the night of 29-30 September 1994.

All this time the radioactive substance had circulated in plastic bags, with the danger of irradiating the seven persons who hid it as well as all the others who were around the radioactive source.

The Dossier Has Reached Its Final Stage

The case was taken over by the Bucharest Territorial Military Prosecuting Magistracy, which checked all its details and, in addition to the seven people involved in the smuggling, also discovered the network through which the uranium tetrafluoride had circulated. The dossier has reached the stage of the end of investigations. So far, the preventive custody for the aforementioned seven persons has been extended once, but the Military Magistracy has asked for a new extension.

The seven people in question are accused of drug trafficking and violating the rules on explosive or radioactive materials. The culprits face a sentence of from six months to five years in prison. Since this is a case of a succession of actions that consitute violations of the law, the penalty with the longest period of execution will be chosen.

The Viewpoints of the SPP and MApN: The Accused Officers Were Immediately Transferred to Reserve Duty

SPP spokesman Colonel Ioan Mija told us the following: "Lt. Vladimir Cumpanasu was transferred to reserve duty immediately when the violation of the law that he committed was discovered, in order to facilitate the investigation carried out by the police and the Office of

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the Prosecutor. The lieutenant was not a member of President Ion Iliescu's guard, as had been published in the press."

MApN spokesperson Major Elena Olariu stated the following: "Captain Alexandru Halauca from the Steaua Club was caught red-handed and arrested for illegal possession of uranium. The captain was immediately transferred to reserve duty. We can make no comments as to whether or not this person is or is not guilty until justice has its say on the case. After the verdict is pronounced, we will be able to issue an official position on this case."

Leader Views Party's Achievements on Anniversary

AU2412172794 Budapest MAGYAR HIRLAP in Hungarian 22 Dec 94 p 8

[Interview with Bela Marko, chairman of the Democratic Union of Hungarians in Romania, by Tibor Bogdan; place and date not given: "Under the Umbrella of the RMDSZ—On Illusions Without Illusions"]

[FBIS Translated Text] The Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romanian], the first real representation of the ethnic Hungarians in Romania, was created five years ago in the hopeful ferment of the events thought at the time to be revolutionary. RMDSZ chairman Bela Marko gave us an interview on the occasion of the anniversary.

[Bogdan] What did these five years bring, in the life of the RMDSZ?

[Marko] If I wanted to formulate a concise answer, I would say that these five years have meant everything. These five years have been the life of the RMDSZ itself. They have brought many illusions and the dissipation of many illusions, but also the certainty that the RMDSZ has succeeded in staying united and able to represent what it had agreed to represent from the outset: the interests of the ethnic Hungarian community in Romania.

[Bogdan] If you were to prepare a balance sheet on the achievements and failures of these five years, in your opinion, what would this balance sheet show?

[Marko] One of our major achievements is the fact that the ethnic Hungarian community in Romania has a body that represents its interests, and that this organization has been able to hold an umbrella—even if a patched-up one—over this community; and that various civilian initiatives, foundations, associations, organizations, and institutions have been able to develop, which now make the 2 million ethnic Hungarians living here a community. This is one side of the balance sheet. The other side contains a lot of failures. Examining the legislation of the past five years and the new Constitution, we must say that there has been no progress regarding national minority rights; on the contrary, we can see even a regression in some cases. How much of this blame can be attributed to the RMDSZ and how much to the given domestic and foreign policy context is another matter. The democratization process in Romania, a process that we hoped would be a fast one, has come to a sudden halt and has regressed. As for the international circumstances, although the settling of the national minority and ethnic issue is presented as a constant demand and intention—particularly in the regions that emerged from dictatorships—international and European politics have not yet really found the solutions, and the Yugoslav example proves this. If we look at the self-determination process of these past five years, we must realize how difficult it was to achieve a relatively mature concept and a common image of the future. Here I mean primarily the uniform RMDSZ program, that particular autonomy view. Of course, in a certain sense, this was the price of unity. It is more difficult to coordinate concepts and reach a consensus in multifaceted organizations with various opinions and differing ideologies. This can also be regarded as a disadvantage. At the same time, however, common action and common political activity represent a tremendous advantage.

[Bogdan] Can we also list, among the dissipated illusions, the RMDSZ's hopes as regards its allies among the Romanian democratic opposition?

[Marko] We have never entertained the illusion of attaining perfect understanding rapidly, as regards our specific situation and goals—not even with the democratic opposition in Romania—because one can see how one or another representative of this opposition uses nationalist rhetoric. But our illusion that the opposition would be able to gain strength quickly and win over the majority has dissipated. However, I do not think that it was an illusion that we had, and we all still have a common interest in creating an overall democratic framework. To also answer the other question: I think the problem cannot be tackled in such simple terms. It is, however, certain that we would still have dilemmas if the opposition were to come to power, because we would only be able to participate in the government if we could agree on a specific national minority program, including its implementation.

[Bogdan] Has the change in the Hungarian Government brought any changes in the life of the RMDSZ? How would you describe the relations between the RMDSZ and the Horn cabinet?

[Marko] We have repeatedly declared our basic principle, according to which the issue of the ethnic Hungarians living beyond Hungary's borders is a pan-national interest that cannot be divided up among various parties and ideologies. Therefore, we expect the current Hungarian Government to support our goals. It is well known that questions emerged and concerns were openly formulated during the elections and after the new coalition took office; this is why we thought the consultations held in recent months were important. We must admit that

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there have been differences in views on certain issues, but not with the government coalition as a whole. As a result of this coordination of opinions, however, we have succeeded in dissipating doubts such as those having to do with the existence of Duna Television and with the autonomy concept.

[Bogdan] In conclusion, let me ask you a question having to do with the future: The RMDSZ will hold its fourth congress in May of next year and a new chairman will be elected there. Will Bela Marko be on the list of candidates?

[Marko] I have not yet made a decision on this matter. Besides, the decision does not depend on me alone. It also depends on my colleagues in the various leading bodies of the RMDSZ, to the extent to which I will be needed in the future to fill this position, and, obviously, on how I judge the issue.

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Sarajevo Radio Reports Attacks on Bihac 25 Dec

LD2512115094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 25 Dec 94

[FBIS Translated Excerpt] Chetniks are continuing with their attacks on the area of Bihac today. The aggressor's artillery actions were carried out against positions held by the 5th Corps and against civilian targets. All these attacks are coming from the UN Protected Areas in the Republic of Croatia. Muhamed Mulic reports on the current situation in Bihac:

[Mulic] The joint aggressors have not been silent in the theater of operations of the Bosnia-Herzegovina Army's 5th Corps, despite the cease-fire which should be in force. In truth, Karadzic's Chetniks have only engaged in sporadic small arms provocations, but Martic's Chetniks have continued with offensive actions in several directions in cooperation with Fikret Abdic's paramilitary formations. [passage omitted]

Early this morning the aggressor continued shelling positions of the Bosnia-Herzegovina Army also from the direction of Bugari. All these attacks are coming from the area of Serb Krajina which represents a particular problem since the cease-fire came into force at 1200 yesterday. Fighting also continued around Velika Kladusa with the use of artillery and infantry forces, while the protected area of Bihac is much quieter than in previous days. Only small arms provocations were recorded; there is no shelling of Bihac this morning.

AFP Reports Fighting

AU2612142594 Paris AFP in English 1339 GMT 26 Dec 94

[By Marc Pondevan]

[FBIS Transcribed Text] Sarajevo, Dec 26 (AFP)—Rebel Moslem troops and Croatian Serbs renewed mortar and machinegun attacks on Moslem-led government troops in the Bihac pocket Monday [26 December], UN officials said, threatening a two-day-old ceasefire elsewhere in Bosnia.

After a morning lull in fighting around the town of Velika Kladusa, in the north of the Bihac pocket bordering Croatia, UN officials said several mortar rounds and machinegun fire hit government positions in the area around midday Monday.

Similar attacks took place Sunday, prompting threats of retaliation "on other fronts" by the government.

UN spokesman Major Koos Sol said the firing came from forces loyal to former Bosnian government official Fikret Abdic—who has been waging a separatist campaign in Bihac for more than a year—and from separatist Serbs from the neighboring Croatian region of Krajina.

Bosnian Government radio reported "violent attacks" near Velika Kladusa carried out by Abdic's troops and both Bosnian and Croat Serbs.

Neither Abdic's forces or the Krajina Serbs signed the ceasefire agreement reached between the Bosnian government and Serb leaders and which came into effect at midday on Saturday.

Sol said the ceasefire was holding in the rest of Bosnia.

But Bosnian Government leaders accused the Bosnian Serbs of being involved in the Bihac fighting and said they would no longer respect the ceasefire pact if the attacks did not halt.

Bosnian President Alija Izetbegovic warned Sunday: "If attacks on Bihac do not stop, the ceasefire is worthless and our army will retaliate on other fronts."

UN peacekeeping commander General Sir Michael Rose travelled to the Bosnian Serb stronghold of Pale, outside Sarajevo, early Monday to discuss the situation with Serb leaders, UN officials said. He was to meet with government officials in Sarajevo later in the day.

Bosnian Vice President Ejup Ganic on Sunday said the Bosnian Serbs had "shoveled their troops" across the border into neighbouring Croatia, from where they were attacking government positions alongside Croatian Serbs and the Abdic fighters. "If we don't see any action by tomorrow, the truce is in great jeopardy," Ganic warned.

A UN spokesman in Zagreb said UN forces were demanding the total withdrawal of Krajina Serbs from Bihac.

Another UN spokesman, Alexander Ivanko, said Monday that UN officials "have no evidence" to support the allegations that Bosnian Serbs were involved in the Bihac fighting. But he acknowledged that heavy snowfall made movement around Bihac difficult and that an investigation into the fighting was continuing.

The latest ceasefire, which was signed Friday after mediation by former U.S. President Jimmy Carter and UN officials, called for a truce and negotiations on implementing a fuller, four-month cessation of hostilities which should come into effect on January 1.

Both Ganic and Izetbegovic said that as long as attacks in Bihac continued, talks on the cessation of hostilities could not begin. The talks were due to have started Saturday.

Bosnian Army commander-in-chief General Rasim Delic said Sunday that the Bosnian Army forces would respect the truce to the same extent as the rebel Serbs respect it.

He said the test for the truce was in Bihac. "If it is not respected there, then it is not the real ceasefire for us," Delic said.

UN Officer Confirms Attacks

AU2612172594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 26 Dec 94

[Report by Nada al-Isa from Zagreb]

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[FBIS Translated Excerpt] The aggression from the so-called republic of Serbian Krajina at Kladusa and Bihac continues, the UN Protection Force [UNPROFOR] headquarters in Zagreb has confirmed. A senior UN officer who wished to remain anonymous confirms that fresh regrouping of the forces of the so-called rebel Serbs on the border between Croatia and Bosnia has been observed. However, as he said, it is (?likely) that UNPROFOR could not confirm that the aggressor's army is actually crossing over from Croatia into Bosnia. He did not explain who is attacking Kladusa then if the aggressor is not [words indistinct] from the occupied parts of Croatia into the neighboring country.

When we asked him why he wished to remain anonymous, the officer in question said that [UN special envoy] Yasushi Akashi had prohibited giving statements about the situation in the field. It is intriguing but also ominous how UNPROFOR comments on the continuation of the aggression after the signing of the cease-fire. The above source, which, as we have said, wished to remain anonymous says:

(?The Croatian) rebel Serbs are probably departing from the position that (?they have not signed anything). In Bihac they would add to this that UNPROFOR is the only one that has not seen through the Serbian aggression game yet. Karadzic officially signs a cease-fire agreement, however, Martic on the other hand is attacking just as before.

We have learned in the UNHCR in Zagreb that war criminal Fikret Abdic has decided to start forcefully returning the remaining refugees from Turanj to Velika Kladusa today. UNHCR warns that this is very dangerous because of the fierce battles around Kladusa and the aggression against it. However, it seems that Fikret Abdic pays no attention to this and now wants to return these people forcefully in the same manner in which he forcefully expelled them from Kladusa in August. [passage omitted]

Muslim Violations Reported

LD2612135694 Belgrade SRNA in Serbo-Croatian 1322 GMT 26 Dec 94

[FBIS Translated Excerpt] Sarajevo, 26 Dec (SRNA)—Muslim and Croat units violated the cease-fire agreement over the last 24 hours in most of the sectors of the front in former Bosnia-Herzegovina, the information service of the main headquarters of the Srpska republic army reports.

Last night and this morning, members of the 5th Muslim [Bosnia-Herzegovina Army] Corps opened fire with infantry weapons from the direction of Zegar near Bihac against Serb positions in Klokot and Beli Klanac.

In this sector of the front, sporadic infantry attacks have been registered from the direction of Zorica Brdo and Okruglak against nearby Serbian positions. [passage omitted]

Units of the regular army of the Republic of Croatia and the HVO [Croatian Defense Council] resumed their artillery attack on Serbian residential areas and positions in the Grahovo and Glamoc areas over the last 24 hours.

In Posavina, Croat units targeted Serbian positions near Orasje from the direction of Vidovice.

Abdic Soldiers Captured

LD2512190594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 25 Dec 94

[FBIS Translated Text] The latest reports from Bihac say that [autonomous province of western Bosnia leader Fikret] Abdic's and [republic of Serb Krajina leader Milan] Martic's forces in the occupied areas of Croatia have continued strong attacks on the Velika Kladusa area. Mirza Sadikovic reports:

[Sadikovic] The cease-fire has come to nothing in the Velika Kladusa area. Martic's chetniks and Abdic's rebels have been attacking defense lines all this time, especially from the direction of the so-called Krajina SAO [Serb Autonomous District]. They attempted a combined artillery and infantry breakthrough along the entire sector of the front in the Marjanovac area, which our defenders repelled. On this occasion over 20 chetniks and Abdic's rebels were taken prisoner and a substantial quantity of ammunition and equipment was seized.

Ganic Appeals for Help

LD2512192294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 25 Dec 94

[FBIS Translated Text] After today's Bosnia-Herzegovina presidency session devoted to the aggressor's stepped up attacks from the occupied regions of Croatia, Presidency member Ejup Ganic, chairman of the session, held a news conference for foreign and domestic reporters. Stevo Latinovic reports:

[Latinovic] With the aid of a map, Ejup Ganic first showed the reporters, especially foreign TV crews, the areas under attack and the directions in which [republic of Serbian Krajina leader Milan] Martic's Chetniks, [autonomous province of western Bosnia leader Fikret] Abdic's paramilitaries, and [Srpska republic leader Radovan] Karadzic's units were launching their assaults—in violation of the cease-fire agreement they had signed. Mr. Ganic also spent some time talking to the reporters. The first question was whether Yasushi Akashi was informed of this situation and what he and other responsible officials were doing about it.

[Begin recording] [Ganic] Akashi is not in Zagreb, I think he is on his way to Venice. Rose [UN commander general] is attending some celebrations in Sarajevo. We were told by some officers that they are trying to do something, but they are short staffed in this area. They cannot compile enough information—a rather confused situation. However, we want them to go back to their job

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and try to gain control of the situation in that area, to secure the cease-fire. Failing this, we will do something to help the 5th Corps. We shall wait a while longer; we know where the logistical support for the Chetniks in this region is coming from and we cannot sit by idle-handed until the international community acts to protect the Bihac enclave.

At the same time, the truce should also include unhindered delivery of humanitarian aid to Bihac. Humanitarian convoys have not arrived either yesterday or today, I see no reason why they did could not organize air drops. We insist that they do something there.

[Latinovic] Did the presidency ask Yasushi Akashi to urgently come to Sarajevo?

[Ganic] The presidency invited him and General de Lapresle to come here and examine this situation. The stakes here are high—we decided for strategic reasons to observe the four-month truce and cessation of hostilities. However, Karadzic's Serbs want to obstruct this at the very beginning. We insist that the international community stops this attack in order to preserve the cease-fire. We want the cease-fire to hold; we want peace, but the international community must exert military and political pressure on Karadzic's Serbs, on the chetniks in general, to stop this aggression if they care about peace. [end recording]

Presidency Demands UN Session on Bihac

LD2512145594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 25 Dec 94

[FBIS Translated Excerpt] A session of the Presidency of the Republic of Bosnia-Herzegovina was held today. In the absence of Presidency President Alija Izetbegovic, who is touring the free territories, the session was chaired by Presidency member Ejup Ganic. The Presidency noted that the situation in Bihac is still very difficult, particularly after the latest attacks by Martic's and Abdic's forces, joined by a considerable number of Karadzic's Chetniks. These attacks are being launched from the Republic of Croatia, and Velika Kladusa.

The Presidency has called on Yasushi Akashi, the UN secretary general's special envoy, and on General Bertrand de Lapresle immediately to come to Sarajevo for consultations, to publicly denounce the attacks, and to demand the urgent convocation of a UN Security Council session.

The halting of the attacks on Bihac would create preconditions for the establishment of a truce in accordance with the recently signed cease-fire agreement. The Presidency promised the people of the Bihac region and members of the 5th Corps of the Bosnia-Herzegovina Army that they will not be left alone in the defense of this part of Bosnia-Herzegovina. [passage omitted]

'Fierce Battles' Reported Near Velika Kladusa

AU2612154894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 26 Dec 94

[Report by Muhamed Mulic]

[FBIS Translated Text] There is no peace within the theater of operations of the Bosnia-Herzegovina Army 5th Corps as fierce battles are being fought around Velika Kladusa with the paramilitary formations of Fikret Abdic, assisted by Martic's [word indistinct], as well as the 603d Parachute Division from Nis, and the so-called Tigers, a special unit of the East Bosnian Corps. The fighting flared up from Jehovica toward Velika Kladusa and in the area of Bugar. There have also been attacks from the former Zeljava airport on Klokot.

Operations of the united aggressors around Velika Kladusa are commanded by somebody called Bozovic. According to the 5th Corps information, the soldiers involved are mercenaries who had arrived from all sides to this [word indistinct], especially to the UN Protected Areas [UNPA] in the so-called Serbian Krajina, which is precisely where all the attacks on the free parts of Bihac district are coming from.

The fact is that this army and [word indistinct] arms are being transported through UNPA zones that should have been under the control of the UN soldiers. It is evident that Chethnik units are moving in front of the military observers and UN soldiers who would not do anything to prevent the attacks on Bosnia-Herzegovina from the occupied parts of Croatia.

On other fronts within the theater of operations of the Bosnia-Herzegovina Army 5th Corps the day was mostly peaceful, with the exception of sporadic enemy provocations from infantry attacks.

The situation is also peaceful around Bihac—a UN safe haven. So far neither shelling of the town nor provocations from [word indistinct] have been noted.

Croatian Leader: Cease-Fire 'Not Binding'

LD2712131394 Belgrade TANJUG in English 1304 GMT 27 Dec 94

["Pool" item]

[FBIS Transcribed Text] Belgrade, Dec. 27 (TANJUG)—Bosnian Croat leader Dario Kordic on Tuesday said the Serb-Muslim ceasefire accord for Bosnia-Herzegovina was not binding for the Croat side.

Kordic said on radio Herzeg Bosna, the radio station of the Bosnian Croat state, that the ceasefire accord had been signed by the Muslims and Serbs and the Croat side had had no part in it.

The ceasefire accord took effect at noon local time (1100 UTC) on Saturday. It was separately signed a day earlier by Bosnian Serb and Muslim representatives in the presence of U.N. special envoy for the former Yugoslavia Yasushi Akashi.

Bosnian Serb president Radovan Karadzic on Monday again accused Bosnian Croat forces and Croatia's regular army units of violating the ceasefire for Bosnia-Herzegovina.

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Karadzic said in a letter sent to U.N. Secretary-General Butrus Butrus-Ghali that the joint Bosnian Croat-Croatian offensive on the southwestern border of the Bosnian Serb republic was a threat not only to the ceasefire accord but also the Bosnia-Herzegovina peace process.

Karadzic recalled in the letter that the latest initiative for a peaceful solution to the crisis in Bosnia-Herzegovina had been taken by former U.S. President Jimmy Carter.

Karadzic said the Bosnian Croats and the Republic of Croatia had not signed the ceasefire accord but had instead stepped up the offensive in the areas of the towns of Glamoc and Grahovo in the southwestern part of the Bosnian Serb republic.

He said Bosnian Croat troops and Croatia's regular army units had taken and burned scores of Serb villages which had always been Serb.

Karadzic accused the Croats in Bosnia-Herzegovina and Croatia of undermining peace prospects, which he said were better than even before thanks to the Carter mission.

The Bosnian Serb president said in the letter to Butrus-Ghali that, although Bosnian Serbs had a legitimate right to launch a counter-offensive, they would refrain from doing so for the sake of preserving the peace process.

Karadzic asked the U.N. secretary-general to use his authority to influence the U.N. Security Council to set an ultimatum to Croatia and the Bosnian Croats to end the offensive and return to their respective territories or face sanctions.

U.N. Spokesman on Croatian Troop Presence

LD2412222594 Belgrade TANJUG in English 2142 GMT 24 Dec 94

["Pool" item]

[FBIS Transcribed Text] Belgrade, Dec. 24 (TANJUG)—U.N. was in possession of reports on the presence of Croatia's regular troops in southwestern Bosnia, in the areas of Livanjsko Polje, Glamoc and Grahovo.

Bosnian Serb News Agency SRNA quoted U.N. spokesman Aleksandr Ivanko as also saying Saturday that the U.N. has not yet been given the approval either by the Sarajevo Muslim authorities or the Croatian authorities in Herzegovina to tour the areas and do their monitoring mission.

SRNA reported Ivanko as telling a press conference at Sarajevo airport that UNPROFOR [UN Protection Force] observers would tour these areas when they obtained permits and inform the world public of the situation.

Croatia's regular army entered the area of southwestern Bosnia on Nov. 30 this year and in a joint offensive with Bosnian Muslim forces took a number of Serb villages advancing toward Grahovo.

The authorities of the Bosnian Serb republic informed U.N. special envoy Yasushi Akashi on Dec. 3 about Croatia's aggression and on several occasions strongly protested to the U.N. UNPROFOR on Dec. 8 for the first time confirmed that about 3,000 Croatia's regular army troops (the Bosnian Serbs say there were 6,000 troops) entered the territory of southwestern Bosnia.

UNPROFOR assessed this as a violation of international law and transgression against the territory of Bosnia-Herzegovina.

This was not the first aggression Croatia committed against Bosnia-Herzegovina. In the summer of 1992, Croatia had 22 brigades in Bosnia-Herzegovina with about 40,000 troops, which at the time accounted for nearly one-third of Croatia's military effectives.

Croatia's regular troops also took part in nearly one-year fighting between the Bosnian Croats and Muslims, and in early November this year also participated in the capture of the Serb town of Kupres, 150 km west of Sarajevo.

Croatian Units Reported in Grahovo-Glamoc Area

LD2512183294 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1630 GMT 25 Dec 94

[FBIS Translated Excerpt] Colonel General Ratko Mladic, commander of the main headquarters of the Serb republic's army, lodged an energetic protest with Gen. Bertrand de Lapresle, UNPROFOR [UN Protection Forces] commander for former Yugoslavia. Gen. Mladic asked UNPROFOR to initiate efficient measures to stop the Croatian aggression and to ensure that the world be objectively informed about the events on the Bosnia-Herzegovina battlefield. [passage omitted]

The main command of the Serb republic has reliable reports saying that the following units are fighting in the Grahovo-Glamoc sector of the front [in southwestern Bosnia]: 126th Homeguard Regiment from Sinj, 4th Guard Brigade from Split, 1st guard Brigade from Zagreb, 3rd Guard Brigade from Varazdin, Military Police Battalion from Split, and parts of many other units belonging to the army of the Republic of Croatia.

Izetbegovic Warns Serbs of Threat to Peace Talks

LD2512185994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 25 Dec 94

[FBIS Translated Text] A statement just in: as you heard in the headlines, Alija Izetbegovic, president of Bosnia-Herzegovina Presidency, is touring the free territories of Bosnia-Herzegovina. President Izetbegovic told our journalist Enes Osmancevic the following about the grave situation in Bihac:

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[Begin recording] [Osmancevic] According to reports we are receiving from the field, the aggressor is not observing the cease- fire which should have come into force at 1200 yesterday. Mr. president, you are currently touring the free territories of our country. Tell us what you know about these reports and whether [passage indistinct]

[Izetbegovic] According to some information I received this morning, the cease-fire is being observed along most of the frontlines. However, I received bad reports from the Bihac area. They speak of intensified attacks against the western frontline coming from the UN protected areas.

This means that Martic's chetniks and Abdic's troops who we consider members of Martic's units—the people are calling them Abdic's chetniks—are carrying out these attacks. The circumstances show that, as far as the cease-fire is concerned, this could be a trick. It could be that the Serb side perhaps wanted to pacify these fronts in order to intensify fighting at that part of the front under the pretext that Martic has not signed this cease-fire agreement. That is true, he has not signed it. But as far as we are concerned, this is all the same. I would like to warn here that if that attack from UN protected areas continues we shall deem that the chetnik side is not observing the cease-fire, we are warning that nothing will come out of the cease-fire, nothing will come out either of the negotiations on the cessation of hostilities, which should begin either today or tomorrow, until the front up there is not pacified.

We warned Mr. Akashi about it. I asked Mr. Ganic this morning to keep in permanent contact with Mr. Akashi and ask him to take measures, as he promised, so that the front up there is pacified. It is up to Mr. Akashi, if he wanted to, to seek intervention of the UN Security Council as this is an attack launched from another state. In any case, if the attacks do not stop, I am stating with full responsibility that nothing will come out of the cease-fire and that our army will respond to [passage indistinct]. That is what I have to say.

[Osmancevic] Thank you Mr. President. [end recording]

Karadzic Letter to Butrus-Ghali on Cease-Fire

LD2612172894 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1630 GMT 26 Dec 94

[FBIS Translated Text] Here is the full text of a letter that Srpska republic president Radovan Karadzic has sent to UN Secretary General Butrus-Ghali:

It gives me pleasure to inform you that the ceasefire agreed on the basis of President Carter's mission is the most serious one to date and that it is already being observed. Humanitarian and UN Protection Force [UNPROFOR] convoys have been passing freely. Allegations that the Serb army has been aiding Fikret Abdic's Muslim army are untrue; this is an inter-Muslim conflict in which Serbs will not meddle.

However, neither the Bosnian Croats nor the Republic of Croatia signed the cease-fire agreement. As a matter of fact, Bosnian Croat formations and regular forces of the Republic of Croatia have intensified their offensive in the region of Glamoc and Grahovo, occupying and setting ablaze dozens of villages which have never throughout history been anybody else's but the Serbs'. They are aggravating civilian suffering and destroying houses and other property. What is even worse is that the Croats from Bosnia and Croatia are threatening the peace prospects which are now, after Carter's mission, greater than ever.

Your excellency, even though we have a legitimate right to a counteroffensive, we will refrain from carrying it out in order to preserve the peace process. We are calling on you to use your authority so that the UN Security Council should issue an ultimatum to Croatia and the Bosnian Croats threatening to impose sanctions if they fail to halt their offensive and fail to withdraw to their territory.

We would also wish to express our readiness to return to the peace process on the basis of our agreement with President Carter, the letter says.

Sarajevo Serb Assembly Calls For Partition

LD2612183094 Belgrade SRNA in Serbo-Croatian 1628 GMT 26 Dec 94

[FBIS Translated Excerpt] Sarajevo, 26 Dec (SRNA)—At its fourth session which began in Vogosca at 1100 today, the assembly of the Serbian city of Sarajevo adopted a declaration on the Serbian city of Sarajevo. It stipulates that this city is "an integral part and the capital of the Serb republic."

This strategically important document stresses that "on the basis of historical facts, ethnic structure, ownership of territories, the new actual state of affairs, and their freely expressed will, the Serbian people are fully entitled to the city of Sarajevo and its environs."

"Given the actual war situation and the need for separating the hostile communities of Muslims and Serbs, the assembly of the Serbian city of Sarajevo is of the view that natural separation in the zone of Sarajevo should be carried whereby two legal entities as two neighboring cities should be formed," the declaration states.

The documents adds that the population of the part of Sarajevo which at the moment is not under Serbian control can—on the basis of the freely expressed will of the Serbs and Muslims—decide whether to stay within the Srpska republic.

According to the declaration adopted, Serbian Sarajevo includes the municipalities of Vogosca, Ilidza, Ilijas, Hadzici, Rajlovac, Stari Grad, Centar, Novo Sarajevo, and Trnovo.

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"If no agreement on forming two cities is reached, the Serbian people reserve the right to liberate the occupied parts of Sarajevo," the statement makes it clear, and adds that the entire Serbian people's efforts will develop Serbian Sarajevo as one of the most significant centers of the Srpska republic.

According to the agenda, today's session will also discuss the economic results achieved by economic enterprises in the first six months of this year. [passage omitted]

Rose, Muratovic Discuss Cease-Fire, Talks

AU2612191094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 26 Dec 94

[FBIS Translated Text] Hasan Muratovic, Bosnia-Herzegovina minister [without portfolio] and head of the state committee for liaison with UN Protection Force [UNPROFOR], today held talks with Michael Rose, UNPROFOR commander for Bosnia-Herzegovina. The announced talks about the end of hostilities agreement, whose text General Rose had proposed, could not be held as not even the cease-fire agreement, which the aggressor is violating in the Bihac region, has been implemented yet.

At the meeting they exchanged opinions about certain parts of the agreement for the sake of preparation of future agreements. Both sides expressed the desire to observe the deadline for the signing of the agreement and lay out details about the manner of further talks, if they occur.

The Bosnia-Herzegovina delegation will be led by Ejup Ganic, member of the Bosnia-Herzegovina Presidency, Minister Hasan Muratovic, and the head of Supreme Command Headquarters of the Bosnia-Herzegovina Army.

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President Tudjman's State of Nation Address

LD2212234994 Zagreb Radio Croatia Network in Serbo-Croatian 1010 GMT 22 Dec 94

[State of the Nation address by Croatian President Franjo Tudjman delivered at a joint session of the Croatian Assembly in Zagreb—live]

[FBIS Translated Text] Respected presidents of the Chamber of Deputies and of the Assembly of the Republic of Croatia; respected lady president of the Chamber of Counties; deputies of both chambers of the Croatian State Assembly; respected guests; and all those present: In my address [poslanica] to the Croatian Assembly at the joint session of both chambers on 25 March last year I outlined the main features of the difficult and complex situation in that we embarked on creating an independent Croatia. The independent and sovereign Croatia was established in the crucial historical period of the disintegration of the communist-socialist system and of multinational creations in the Euro-Asian part of the world. In this revolutionary historical event Croatia played a particularly prominent role, and had an importance that went beyond the framework of the former Yugoslavia and its reality. Rather than make it easier, this fact made our path toward national freedom, democracy, and state independence more difficult. To illustrate this I will list just some of the most important facts.

At that time the main international players persisted in their efforts to maintain the then international order and its political system and international-legal structure. In such circumstances the former SFRY [Socialist Federal Republic of Yugoslavia] was, for many reasons, an especially important integral part of the existing international order. In addition, the world public was, in general, against the creation of new independent states in Europe. The emergence of such states disrupted the existing world order, built on the results of both World Wars I and II. Any manifestation of disintegration of the existing state entities was seen by the guardians of the old order as an infectious example to be copied by nationalist and separatist forces within all multinational states that were in the process of liberating themselves from the historical shackles of various state communities and of hegemonism on the part of the ruling nation.

Those who advocated these viewpoints saw Croatia as the main culprit, not just in the disintegration of Tito's Yugoslavia—which at that time was accepted by the entire world—but also in the process of radicalization among national movements in other multinational countries, such as Czechoslovakia, the Soviet Union, and some other European states. In favor of preserving Yugoslavia at any cost were the main European powers that were also behind the Versailles order created in Europe after the World War I, which, fundamentally, remained in force after World War II, as well as the United States as the main world superpower, and many other countries outside Europe, which saw the then Yugoslavia as a successful example of a multinational and, for some, of a socialist self-managing community of nations to be emulated by the Third World.

Almost all the main players with an equally important role in both European and world politics wanted the preservation of Yugoslavia—out of identical or different and sometimes even opposing interests—in order to maintain their own influence and thwart the influence of others in this geopolitically and strategically important part of southeast Europe and the Balkans.

Neither internal political relations nor the distribution of forces in former Yugoslavia were conducive to Croatia's efforts to achieve independence, mainly because of the exceptionally great influence of the Yugoslav Army and also because of the emergence of the so-called reformist currents in the League of Communists—which were at that time promising economic reforms and multiparty democracy.

The top brass of the Yugoslav army sided with the Serbian policy, first by favoring the preservation of Yugoslavia, even without Slovenia, and then by advocating the creation of greater Serbia with the use of military force. The reformists toyed with the idea of a democratic, but centrally run Yugoslavia. Both sides had had enough of the Titoist federation, but there was very little difference between them in their rejection of the proposal to resolve the crisis by introducing a confederal state system.

The international players who favored the preservation of Yugoslavia gave their full support to the reformists, and later to the pro-Yugoslav—and at the same time pro-Serb—policy of Belgrade, and found it difficult to accept the drive toward independence by non-Serb nations.

Under those international circumstances it was not simple in the least to set up and defend an independent and democratic Croatia. By attempting to topple independent Croatia, and by launching the premeditated aggression carried out by the Yugoslav Army and the Serb population, the greater-Serbian policy banked on hostility from international factors as well as on their disunity. We have held our ground, thanks to the unity and maturity of the Croatian people and the soundness of the state leadership's strategic judgments.

The reconciliation of Croatia and its diaspora has provided for our national and democratic restoration, in the course of which a high level of awareness was demonstrated, as people from all Croatian strata and generations were willing to sacrifice themselves so Croatia's statehood could at last come into being.

These circumstances, as I have just described, surrounding Croatia's foreign policies, made us act in an extremely cautious and sensible manner. We had to take account of the true balance of powers and of the views of

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the world's most important powers, while being aware all the time of our national aims and state interests.

The main aim of Croatia's foreign policy was to install sovereign authorities throughout the entire area of the state. Bearing in mind the decisive importance of resolving the crisis in Bosnia-Herzegovina, one of the important mainstays of Croatia's foreign policy has been, and continues to be, Croatia's admission to the central European economic and civilizational sphere, from which Croatia was separated as early as the wake of World War I, and even more so after World War II.

In order to achieve this Croatia had to direct itself in every respect toward the aims of European integration. The preconditions for this required us to win the trust and support of Europe's and the world's political and economic factors. We could and can achieve this only by gradual steps in every sphere of international politics, and economic and other cooperation.

Although Croatia is a relatively small country, given the fact that it is situated at the faultline of the world's geopolitical, cultural and civilizational zones, it is also a country of great strategical importance and great potentials. Understandably, the war that was imposed on us, the occuptaion of parts of Croatian territory, the policy and the war crisis in Bosnia-Herzegovina and the continuation of international political tensions have been seriously reducing the influence of the positive preconditions and increasing the effect of the negative preconditions.

This is why we had to conduct a consistently peaceful policy, in keeping with the principles of the UN Charter and the CSCE documents, while firmly and unfalteringly defending our own interests which are based on international law and the fundamental international documents of the world community. Our foreign policy aimed to introduce good, friendly relations with all the world's countries. We knew that this was the precondition for successful international cooperation and winning the support of various countries for Croatia's interests in every sphere of activity in the international community.

The success of our foreign policy is reflected in the fact that Croatia—up to now, out of the 186 UN members—has been formally recognized by 112 states, while all the others believe they have done this by agreeing to accept Croatia into the United Nations. We have established diplomatic relations with 92 countries. Croatian diplomatic representatives are accredited in 75 countries.

As with all other states, for Croatia the promotion of good relations and cooperation with those countries which play the most important role in world and European politics, and likewise with all neighboring countries, is of special importance. I am particularly pleased to stress the fact that Croatia today has comprehensive relations of friendship and cooperation with the main world power, the United States. Close relations are being developed in all fields—from political and economic areas to scientific, cultural, and military areas.

We have particularly good relations with the most populous world power, China. Croatia has good relations with the European Union [EU] as a whole, and especially with individual countries and, among these, emphasis should be placed on Germany, and we are also interested in the most comprehensive possible relations with France and Great Britain. I am pleased to stress that we are meeting increasing understanding on the part of the governments of those countries which traditionally have had a great influence in this part of Europe.

Croatia has normal, good relations with Russia, and these are particularly developed in the economic field. We particularly appreciate the explicit statement by Russia that it respects the territorial integrity of Croatia.

With the exception of Serbia and Montenegro, Croatia has very good relations and cooperation with all neighboring countries. This is particularly true of relations with Austria and Hungary. For our part we attach great importance to the development of friendly relations with democratic Italy and we greatly appreciate the fact that the Italian Government is not giving support to irredentist demands over Istria and other Croatian areas.

We have to note with regret that our current relations with Slovenia are below the level they ought to be between the closest neighbors—neighbors which are linked not only by mutual interests but also joint activities and cooperation dating from our departure from the communist Yugoslav constitution. We hope that, in the interests of both sides, existing problems will be resolved as urgently as possible.

As a result of the events which have taken place since 1990, and which are known to everyone, and the aggression against, and occupation of, part of Croatian state territory, relations with Serbia and Montenegro are very dislocated. Croatia is for the normalization of relations with these countries, too, because unless there is peace between Croatia and Serbia there can be no lasting peace in Europe nor the preconditions for the establishment of a new international order in this part of the world.

In order to achieve this, however, it is necessary for Serbia, or rather the FRY, to desist from occupying Croatian areas, by publicly and clearly recognizing the Republic of Croatia in its internationally recognized borders. The normalization of Croatian-Serbian relations, under the conditions mentioned above, would certainly benefit both sides and would also be a contribution to the peace and stabilization of the new international order in this part of Europe.

Parliamentary deputies, the foreign policy of the Republic of Croatia, in this first period of our independence, has been orientated toward the international recognition and strengthening of our state sovereignty,

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toward protecting and securing important national interests of strategic significance, and toward promoting and raising the reputation of our young state.

Of course, it is not possible, and it would not be useful to explain in this report all the intricacies, complexities, and difficulties we had to overcome in the course of removing obstacles and prejudices in order to win our place in the world's community of sovereign nations. This is why I will now limit myself only to the most important results achieved in our foreign policy.

The United Nations had become involved in solving the crisis in the territory of the former Yugoslavia before the Republic of Croatia became a member of the United Nations, on 22 May 1992. I must stress the benefits of humanitarian aid provided by the UNHCR, which started arriving in 1991. The basic document for solving the crisis was the so-called Vance plan from the Security Council resolution of 27 November 1991, which established the UN-protected zones in Croatia. UNPROFOR's [UN Protection Force] task in the protected zones was to ensure the cease-fire observance, the demilitarization or withdrawal and disbanding of all armed forces, the protection of human rights under the supervision of local police—which was to reflect the national composition of the population—to enable the refugees to return to their homes and to ensure that the former Yugoslav Army withdraws from Croatia.

At our request the Security Council passed Resolution No. 769 on 7 August 1992 on the supervision of the Croatian state borders in the UN protected areas [UNPA's] bordering on Serbia and Bosnia-Herzegovina, which UNPROFOR has failed to implement because of (word indistinct] resistance. On the basis of the opinion provided by the arbitration commission set up by the international conference on the former Yugoslavia, in September 1992 the Security Council passed a resolution decreeing that the state, before known as SFRY, ceased to exist and that FRY [Federal Republic of Yugoslavia]—Serbia and Montenegro—could not automatically inherit the membership in the United Nations. Since then the UN Security Council has passed several very important decisions. In Resolution No. 815 of March 1993 the Security Council confirmed Croatia's sovereignty and territorial integrity, stressing that the protected zones are integral parts of Croatia's state territory. The Security Council later confirmed this decision in its Resolutions 819, 847, 871, 908, 941, and finally in Resolution No. 947. In Resolution No. 871 of 4 October 1993, the Security Council expressed deep concern over the failure to implement the Vance plan and accepted the UN secretary general's decision to establish a special UNPROFOR command for Croatia. In the same resolution the Council said that the continued refusal to cooperate in the implementation of the relevant Security Council resolutions or foreign interference into and hampering of the peace process will have serious consequences on Yugoslavia, which means that the sanctions against it—originally introduced because of the FRY's responsibility for the crisis in Bosnia-Herzegovina—will not be eased or lifted. On the basis of our request, in the same resolution the Security Council demands that the Croatian authority be reestablished in the so-called pink zones as the first step toward the implementation of the peace plan, that the communications and water and electricity supplies be reestablished, that the Zagreb-Split railroad via Knin, the Zagreb-Zupanja highway and railroad, and the Adriatic pipeline be reopened and that unhindered traffic across the Maslenica Straits be ensured.

UNPROFOR's mandate has been extended on several occasions with the view to implementing the Security Council resolutions. Before the last mandate expired in late September 1994, UN Secretary General Butrus-Ghali had submitted a report to the Security Council, in which he confirmed that the Vance plan and all resolutioons had failed to be implemented because of the rebel Serbs' opposition. The only thing achieved was the cessation of armed hostilities. According to him, the United Nations faced four problems which need to be reviewed: Demilitarization of the UNPA's; reestablishing Croatian authority; establishing control over international borders between Croatia and Bosnia-Herzegovina; and the return of refugees to their homes. Seeing that no progress has been made due to constant opposition of rebel Serbs, the secretary general believes that UNPROFOR is not capable of fulfilling its task and Croatia's justified demands because it lacks forces and means, and that UNPROFOR's unsatisfactory position contributes to an unacceptable status quo. Despite that, the secretary general suggested that UNPROFOR's mandate be extended because he feared that hostilities could be renewed, which could have unforseeable consequences and make the path toward a permanent peace even more difficult.

Under such circumstances, the Croatian Assembly's decision that the extension of UNPROFOR's mandate, if no progress is made in the process of reintegrating the occupied areas, serves no purpose, was of exceptional importance for the confirmation and implementation of Croatian state policy. In the UN General Assembly and the Security Council we presented our resolute stance that Croatia will cancel the peace forces' mandate unless they make possible the reintegration of the occupied areas. Croatia's efforts resulted in Resolution No. 947 of 30 September this year. Croatia managed to secure a Security Council decision on the extension of the [UNPROFOR] mandate, which included and confirmed all previous resolutions, and established a basis for the last attempt to solve the problem by peaceful means.

UNPROFOR's mandate was extended until 31 March to enable it to complete these tasks, but the UN secretary general must submit a report, by 20 January 1995 at the latest, on the implementation of the peace process and the progress achieved in the normalization of relations, including the beginning of the return of refugees. On the

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basis of that report, the Security Council will reexamine UNPROFOR's mandate, taking into account Croatia's views.

In Croatia's activity in the United Nations, the adoption of the UN General Assembly's resolution on the situation in the occupied areas marked another important success scored by Croatia. The resolution was adopted during the General Assembly's plenary meeting on the ninth of this month, with 142 votes for, none against, and 18 abstentions. The special importance of that document lies in the fact that, in addition to confirming the previous Security Council resolutions, it unambiguously established for the first time that the occupation of parts of Croatia's sovereign territory is encouraged, made possible, and carried out by Serbia, or rather, the FRY, which therefore must bear the consequences for it before the United Nations.

On relations between Croatia and other international organizations: Croatia has been admitted as a full member or as observer to almost all international and European organizations. As a member of the CSCE, Croatia is taking an active part in all aspects of the CSCE's work. Croatia endorsed all documents adopted by the CSCE, and is prepared to continue contributing fully to the efforts directed toward preventing conflicts and solving crises. Croatia is complying with the obligations on the general exchange of information on military forces. The CSCE has accepted the participation of a Croatian military team of 44 officers and soldiers in the peace operation in Nagorno-Karabakh. Unfortunately, the CSCE has not yet seriously tackled the crisis in the former Yugoslavia. After the failure of the long-term mission in Kosovo, Sandzak, and Vojvodina, many CSCE members placed their hopes in the Budapest summit held earlier this month. But, those hopes remained unfulfilled. The negotiations focused on the one hand on attempts to extend NATO to include the eastern and southeastern European countries through the Partnership for Peace pact, and on the other, on attempts to sideline NATO by turning the CSCE into an Organization on European Security and Cooperation. During a fierce clash of opinions, the name of the conference was changed, but the main players in Western countries did not want to give up on NATO as a guarantee of their security.

Of course, under such circumstances, it was impossible to reach an accord on any effective decision on the crisis in Bosnia-Herzegovina or the occupied Croatian areas.

As far as Croatia's admission to the Council of Europe is concerned, we can say that we have entered the final phase. The Council of Europe usually has a very long procedure for accepting new members. After many visits by parliamentary delegations from our assembly and the Council of Europe were exchanged, the procedure is now coming to an end. Among other officials, the council's former secretary general, Catherine Lalumiere, the president of the parliamentary assembly, Miguel Angel Martinez, and a group of legal experts have paid a visit to Croatia. Representatives of the Council of Europe concluded that, despite the war conditions, in the development of democracy, Croatia meets all requirements for full membership, on a par with many countries that are already members. This is why we can expect Croatia to be admitted to the Council of Europe next spring.

Croatia's relations and cooperation with the EU were conditioned by the attitudes of Europe's main countries toward resolving the crisis in the area of the former Yugoslavia. The EU has provided Croatia with aid for refugees and displaced people, in terms of accommodation, medicines and food, via the EU observer mission. Following the negotiations between the Muslim and the Croatian leaderships, and even more so since the signing of the Washington agreement on the Croatian-Muslim federation and its confederation with Croatia, the views of many countries have shifted in a positive way, something that influenced our relations with the EU as a whole.

We expect that a positive decision by the Council of Ministers, under German or French presidency, will be followed by confirmation by the European Parliament to the effect of Croatia's inclusion in the PHARE [Poland-Hungary—Actions for Economic Reconversion] program, and by an agreement on trade and cooperation which will create a legal basis for future integration.

A positive standpoint of this matter has been formulated on the basis of a finding by an investigative group of the EU Commission which visited Croatia in September this year. The IMF's decision of 14 December this year made Croatia a member of this global financial institution in keeping with the principle of partial succession by Croatia. Croatia thus inherited 28.49 percent of the outstanding debts and obligations of the former SFRY. Its quota in the fund accounts for 261.1 million special drawing rights.

Following a number of visits by delegations, the funds' Board of Executive Directors accepted on 14 September a letter of intent from the Croatian Government, and endorsed a standby and [word indistinct] arrangement with funds for restructuring the economic system. In this way Croatia gained approved access to funds to the tune of 196.2 million special drawing rights. The standby arrangment and the loans have a far wider political and economic significance than the amount in the first approved batch.

They are primarily a clear endorsement and the highest international recognition of the soundness of the implementation of Croatia's economic policy. They also amount to a kind of admission ticket for resolving the question of Croatia's external debts owed to the creditor countries organized in the so-called Paris Club, and the lenders, commercial banks, in the so-called London Club. In this way a door is open to further cooperation with foreign banks and financial institutions, so new loans can be secured, something that is needed to speed up the development of the Croatian economy.

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Except for a very limited number of problems in bilateral relations, something that has already been discussed, Croatia has good relations with almost every country with which it has established diplomatic relations, and with several other states with which it is establishing regular relations. For example, we already have very good relations with Israel in the economic, cultural, and sports sphere. We nevertheless maintain that we should reflect on our relations with those countries which express a sincere desire for good relations and cooperation, and on relations with those countries which have provided major support since the very beginning for the materialization of Croatian statehood, even at the time when some other countries were still governed by mistrust in Croatia, and reluctance.

I have already spoken about our friendly relations with the United States. I would like to stress in particular the role of the Holy See and the FRG as regards the international recognition of Croatia.

Departing from the moral foundations advocated by the Holy Sees, the Holy See has been drawing the attention of the world's public and statesmen of the world's most important countries since day one to the fact that the crisis in the former Yugoslavia was not a matter of secession or civil war, but of the Croatian people's right to have its own statehood. The Holy See's support for Croatia as regards the reintegration of Croatia's occupied areas, and resolving the crisis in Bosnia-Herzegovina was politically articulated in an explicit way by the visit the holy father, John Paul, paid to Croatia on the 900th anniversary of the Zagreb diocese.

The holy father's addresses during his visit, and following his departure from Croatia, as well as the meetings I had with him in my capacity as Croatia's state leader, remain a lasting testimony to a relationship of deep trust between the Vatican and democratic and sovereign Croatia. The words spoken on that occasion and the uniquely dignified way in which the Croatian people welcomed and saw off the holy father rendered as pointless the speculations of those foreign and domestic circles who were trying to underestimate the significance of the pope's visit. This was not only evidence of high appreciation but also a boost to the reputation and importance of Croatia in today's world. Croatia owes particular gratitude to the FRG, both for its advocating the recognition of Croatia within the EU, and for resolving the crisis of the occupied areas, as well as that in Bosnia-Herzegovina, and for its sincere support for our country's admission to the programs of European integration.

We should also pay tribute to Austria's diplomats, including the leading role of Dr. Mock, who have since the beginning demonstrated understanding for Croatian aspirations and interests. In addition to what I have already said about the relations between the United States and Croatia, one should also add that they have been gradually developing into relations of increasingly close friendship and cooperation in all spheres. The most telling example of this is the agreement on cooperation betweeen the United States and the Croatian Ministry of Defense, signed by Ministers Susak and Perry in Washington last night.

The United States has played a major and decisive role in securing the Washington Agreement on the Croatia-Muslim federation and confederation. One can say without exaggeration that the United States and Croatia share almost identical views on resolving the crisis in the area of the former Yugoslavia.

Mutual political cooperation at all levels—in the opinion of the chief European players—is becoming irreplaceable and of paramount importance for the denouement of the crisis in this region, which is becoming a dangerous flashpoint threatening to spread further and assume global proportions [civilizacijske razmere].

In June 1993, during my state visit to China, very good mutual relations were established as a basis for political, economic, and cultural cooperation. They are already yielding fruit and there are very good chances to promote this cooperation further.

Turkey is one of the states with which Croatia has established particularly good relations. During the visit of the late Turkish President Ozal and the present President Demirel to Croatia and during my state visit to Turkey last spring, foundations were laid for mutual understanding and cooperation. Turkey made an important contribution to the normalization of relations between Croats and Bosniak Muslims in Bosnia-Herzegovina. For Croatia, relations with Turkey are also important because it can serve as a bridge between us and many Central Asian and other Islamic countries.

Through a series of meetings and state visits in the past period, we tried to promote Croatia's bilateral relations with other countries, strengthening its role in the international community. I should particularly mention the visit of the Albanian president to Croatia and my return state visit to Albania, the Romanian president's visit, and the return visit to Romania and the Slovene president's visit. Of particular importance was the recent state visit to the Republics of Chile and Argentina at the end of last and the beginning of this month.

At the session of the UN General Assembly and at the sessions of the UN Security Council, I presented Croatian policy at the end of September 1993 and at the end of September 1994.

Also of importance was the participation in the CSCE summit in Helsinki in 1992 and at the beginning of this month in Budapest.

Speaking of official and working meetings, those worth particular mention were a number of meetings with Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, and those with the Croat and Muslim leadership of the Bosnia-Herzegovina Federation.

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Croatia's problems were also discussed at all meetings with many statesmen and prime ministers, about 20 in all, and also at the meetings of international bodies, which speaks of Croatia's growing importance in the settlement of the crisis in the former Yugoslavia and in the creation of a new international order in this part of Europe. You can find more detailed information in the written report which you will be getting.

What was especially important for the consolidation of Croatia's international status were the numerous meetings and exchanges of parliamentary delegations of the Croatian parliament and those of other countries from all over the world.

During state visits, friendship and cooperation agreements were reached with Albania, Romania, Turkey, as were numerous agreements on economic, scientific-technical, and cultural cooperation. Apart from these and the meetings which Premier Nikica Valentic had, and the state visits conducted by Deputy Prime Minister Granic, Croatian state delegations also took part in many important international conferences.

Ladies and gentlemen deputies, taking all this into account, we can rightly say that the democratic and sovereign Croatia—relying on the strength of its democratic organization and the results of its economic transformation—has succeeded in gaining the reputation of a worthy and reliable member of the United Nations through its consistent, peaceful, and principled policy. Such a foreign policy yields fruit through friendly and mutually beneficial relations with a large number of countries in the world today.

I will now move on to the second part of my report—on the organization and state of the defense and security sustem:

Esteemed deputies to the Croatian Assembly; the building of armed forces and a security system is of vital importance for every state. It was particularly important for Croatia in its efforts to establish and defend its independent state. It is well known what sort of circumstances Croatia was faced with when it literarily unarmed had to oppose the Serb aggression backed by the might of the Yugo-communist army with the simultaneous imposition of an international arms embargo. If we had not managed to organize a successful defense and create first our police force and then our Armed Forces, the Croatian State would not exist at present. The transformation of the police force into an instrument of the state policy of independent Croatia was a very complex task. It was successfully solved relatively quickly: the police force was used not only for securing a democratic order, but also as Croatia's first defense force.

Within the Ministry of Internal Affairs we organized formations of the National Guards Corps in accordance with my decision passed on 20 April 1991, using a legal framework provided by the then constitutional system. First units, i.e. brigades, of the National Guards Corps which were set up in May 1991, represented a nucleus and the beginning of building Croatia's Armed Forces, and their tradition continues today in guards brigades and Croatian Army special units. At the same time self-organized volunteer formations of the people's defense were transformed into official units by a decision dated 30 June 1991, and at the end of that year we organized Croatian Home Guards following Croatian military traditions. Croatian Home Guards form a constituent part of the Croatian Army having the special task of organizing territorial defense of all parts of the Croatian State.

What sort of and how much effort was invested in the defense of Croatia can be understood from some fundamental details: in our homeland war, at the end of 1991 and at the beginning of 1992 we had around 200,000 armed men. However, the overall number of those mobilized in the homeland war was 340,617, or 7.13 percent of the overall population; this shows that in terms of percentage, Croatia had to mobilize more people than various countries in World War II. Volunteers and conscripts from all parts of Croatia, volunteers from Bosnia-Herzegovina, and Croatian emigrants took part in the homeland war. The cease-fire agreement and the deployment of peacekeeping forces in occupied areas enabled us to carry out gradual demobilization; at the end of 1992 our Army had 127,966 members, and a year later 116,237 members. This year we further reduced our Army, but in the light of the need to build the overall defense structure—combat training, courses, logistics, new combat equipment, production, territorial army administration—we still have 114,000 people employed by the Defense Ministry.

For our overall defense needs we earmarked almost 37 percent, 36.9 percent, in the last year. This year we earmarked 31.06 percent of the state budget, and the percentage is going to be almost the same in the coming year—1995—31.08 percent. This represents 9.1 percent of GNP, which is in comparison with other countries living in peaceful conditions three to four times more: Austria, for example, earmarks one percent, Scandinavian countries 1.5 to 3.2 percent, Germany 2.5 percent of GNP. These expenditures on defense represent a huge burden on the national economy. However, it would be very difficult to decrease them, given the current circumstances and the price of modern combat equipment.

To illustrate this: one combat aircraft with equipment costs $30 million to $50 million or even $70 million. A helicopter between $3.5 million and $7 million. A tank costs between $450,000 and $1.3 million. A simple tank shell costs $250 to $350. An antitank shell costs $1,000, antiaircraft missiles $15,000 to $18,000. One should bear in mind what sort of problems the state budget, the state, is facing and having to solve in training and providing equipment for the Armed Forces.

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A more considerable cut in the funds for military needs will be possible only when a normal situation is established in relation to the occupied areas and when the war crisis in Bosnia-Herzegovina ends. But, while I am presenting these facts, I should mention that many branches of industry were revived during the war for the homeland. Some firms or branches of industry recorded a fall in production, but those producing for the Army's needs saw an increase in production. In that context, I should certainly mention the self-initiated launching of production for military needs: from hand grenades and launchers to missiles, from rifles and machine guns to armored vehicles. In that sphere too, Croatian people demonstrated a high level of patriotic awareness, self-sacrificing resourcefulness, initiative and ability—everyone from skilled workers to engineers and university professors. In late 1991 production was systematically directed towards military needs. A special military-technical council at the Defense Ministry deals with that.

Nowadays our defense industry is capable not only of overhauling all military equipment, but also of considerable production of everything, including tanks and warships. The defense industry cooperates with 324 firms in Croatia. Excluding the production of foodstuffs, textiles, and leather products and construction for military needs, the industry for special military needs employs 15,000 workers. Increasing cooperation with the armed forces of friendly countries also helps to strengthen Croatia's defence potential. Special importance should be attached to the agreement on sending our officers to train and specialize at high military schools in the countries with which we have friendly relations. Judging by its structure, equipment and training, Croatia's armed force is now ready fully to carry out any task put to it by state policy.

Esteemed deputies of the Croatian assembly, Croatia suffered huge casualties and destruction in the Yugo-communist and Serb aggression. A full estimate will be possible only after the liberation of the occupied areas. Direct material damage has been estimated at 130 billion kunas. Losses in human life in Croatia include 8,882 killed and 2,820 missing, which amounts to 11,702 dead or missing people; 26,448 people were wounded, of whom 17,802 remain maimed; 4,273 children lost one parent and 54 both parents.

Seeing that the Croatian people's defense war against the aggressor should be viewed in its entirety, I will add to the above-mentioned figures on casualties in Croatia the losses suffered by the HVO [Croat Defense Council], or rather, the Croats in Bosnia-Hercegovina. In Bosnia-Herzegovina 6,197 Croats were killed or went missing and 11,705 were wounded. The number of casualties in Bosnia-Herzegovina is still increasing. Therefore, the total of casualties is 56,059, of whom 38,150 or 68 percent were in Croatia and 17,902 or 32 percent in Bosnia-Herzegovina. These figures show that 1.24 percent of the total number of Croatian people were sacrificed in the war for the defense of the independent Croatian state and the Croat entity in Bosnia-Herzegovina: 1.02 percent of Croats in Croatia and 2.35 percent of the Croats in Bosnia- Herzegovina. Croat casualties in World War II were 5.88 percent.

In addition to the casualties, the refugees are suffering the worst consequences of the aggression. There were 626,796 refugees and displaced persons in Croatia in September 1992. In September this year, there were 382,358—197,000 displaced persons and 184,850 refugees, mainly from Bosnia-Herzegovina; 128,870 or 72 percent of them are Croats and 46,420 or 26 percent are Muslims. Until their return, the problem of refugees will remain one of the most serious problems we face—in financial, psychological, and political sense.

The problem of refugees and expelled persons has been—and will remain so until their return—one of the most serious problems with which we are faced, both from the financial and psychological point of view. At the same time, this is one of the most important reasons why we are determined to cancel UNPROFOR's mandate unless the return of the refugees and expelled persons is secured. [applause]

It still remains for us to complete a serious work of presenting awards to all participants in the patriotic war. On the basis of the law on decorations and awards for participants in the patriotic war, 294,920 awards were presented for participation in the patriotic war. A process is under way of presenting all participants in the patriotic war with awards [spomenice]

A decision was also reached to present the Petar Zrinjski and Krsto Frankopan orders to the families of 4,351 fallen soldiers. In connection with this and many other questions we have a particular problem concerning the legal status of missing persons. Hence I propose that the Assembly should pass a bill which would bring the rights of missing persons and members of their families in line with those of the defenders killed in the patriotic war. [applause]

Speaking about awards for participants in the patriotic war, as the president of the Republic I feel bound to say that the biggest award and general recognition by the state should go to those who suffered most: The children and families of those killed, the invalids and the wounded, the expelled persons who lost their homes, those who left their safe homes abroad to defend their Croatia. All those who suffered most, or who contributed most to the Croatian victory also manifest the greatest level of patriotic awareness and readiness through self-sacrifice to complete and consolidate the Croatian freedom.

I was personally convinced of this during the course of numerous meetings from Vukovar and Baranja, via Hrvatska Kostajnica, Petrinja and Lika, to Skabrnja, Konavle, Herzegovina, and Zagreb. From the first days of the war until today I have heard countless deeply moving testimonies, like the letter of gratitude that the

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[name indistinct] family sent to the Croatian MUP [Ministry of Internal Affairs] on 7 December for its help in burying their son Dragan who died a few days before. The letter reads: He has always been our Dragan, but he belonged equally to us and to you, the best Croatia could give. If it had not been for such people like yourselves and our Dragan, there would have been no Croatia. Love it and defend it in the same way—with your hearts, strength, and love. A heroic mother, Kata Soljic also expressed the feeling we all have. She too sends a message to the enemy: You killed my four sons, but you cannot stamp us out. I have 15 grandchildren, of whom six are in the Croatian Army. I will return to Vukovar with all of them. But mother Kata also has this message for our people: Do not forget that we paid a big price for our freedom and that it is not all over yet. [applause]

I shall move on to the third part—on state administration and democratic organization. Esteemed members of the Croatian state parliament, the highest-ranking bodies of the Croatian state power in the past period acted in accordance with their constitutional duties. The legislative and executive authorities, within the scope of their competence, observed the basic principle of power division. It ensures mutual balance and the restriction of competence, which is one of the factors of efficiency of Croatia's entire political system, ensuring at the same time a high degree of its democratic nature.

In this connection we should recall that certain members of the Croatian political public have an over-simplified, and even wrong understanding of the principle of division of power. They see it as a mechanical division of state power into three completely separate and independent parts. Such an understanding has resulted in a totally unfounded criticism of the constitutional system and the Croatian system in general, which says the system contravenes the principle of division of power.

State power, just like state sovereignty, must be uniform in the sense of its constitutional and practical application in the democratic world. The principle of the division of power is nothing but a way of effectively and institutionally restricting certain branches of state power by the system itself. The real meaning of the principle of power division is the restriction of certain branches of power by the mutual balance of duties.

Unfounded political interests, triggered off by the criticism of the Croatian constitutional system, overlook the fact that the president of the Republic, as head of state, is not just the exponent of executive power. On the basis of direct electoral legitimacy, he is also a representative of national sovereignty and as the president of the republic, on the basis of Article 94, item two, of the Constitution, he also has the duty and responsibility of overseeing the implementation of the Constitution, ensuring the sovereignty and unity of the republic and the normal functioning of state power as a whole.

The Croatian Assembly has in the past period completely fulfilled its duty of the exponent of legislative power and the representative of the body of citizens, confirming through its work that Croatia is a parliamentary democracy in the full legal sense. Some of its members and some members of the Croatian political public often asked that decision-making in the parliament be carried out as a joint agreement and a relatively balanced rule of all political parties represented in the parliament. Those wanting such a consensus democracy are forgetting that it is precisely this method of decision-making and of discharging duties which could violate the basic parliamentary rule on which every sovereign, democratic and pluralist system is founded, i.e. that in an election a nation entrusts one or more parties with the power of discharging duties until the next election. Relatively frequent calls for a democracy based on agreement-seeking have been conditional upon the remains of the old pre-democratic awareness, especially strongly branded by the long-term utopia of self-management and its fictive institutions of discussing and seeking agreement on every issue.

In the process of implementing the legislative activities of the Croatian parliament it is necessary to establish the constitutional competence of the Chamber of Counties and its relationship with the Chamber of Deputies. The Chamber of Counties, by its status and competence, must be the second-ranking chamber of the assembly, within which the interests of counties are coordinated in the course of shaping the uniform Croatian interest.

This and some other questions in connection with the internal organization and work of the assembly chambers should be resolved by applying both chambers' new codes of practice.

By adopting the laws on courts and the state judiciary council, by electing its members and by making this council operational, all principal conditions have been met for the normal functioning of the judiciary, in accordance with the Croatian constitution as an independent power.

Special attention should be devoted to the appointment of all judges which is the duty of the state judiciary council. It is the duty of all members of the executive power, within their competence, to do all that is necessary so that the envisioned organization of courts would be carried out as soon as possible. Within this context county courts should be set up in every county as soon as possible.

In the implementation of the law on the set-up of state administration, in order to achieve its better efficiency, we should strengthen the responsibility of ministries and state administration institutions and also of prefects in their discharging of state administration duties in county offices. At the same time, systematic supervision and the public nature of work should prevent the emergence of arbitrariness and bureaucracy in the work of state administration bodies and of some civil servants.

We should always bear on mind that partly as a remnant of bureaucratic awareness of the former socialist system,

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and partly as the very inner rule of each system of administration, there is always a danger of bureaucratic separation of state administration from daily needs and interests of some people and even entire social classes. But if we wish to remove from the Croatian democratic authorities all forms of bureaucratic, inhumane attitude towards Croatian people, i.e. all citizens, not only our executive authorities, but also our legislative and judicial authorities, should take part of it. We should not adopt laws, decisions and resolutions which are contrary to our constitutional orientations or allow insane decisions to be adopted which justly cause dissatisfaction and indignation of the public. Probably it is not only a fault of those civil servants who prepare and sign decisions which cause citizens' indignation, at which I am myself appalled, but it is also a fault of those who put forward and adopt such legal provisions on the basis of which such monstrous decisions can be adopted. Of numerous cases due to which citizens have almost daily been addressing me, here is one.

In the middle of Zagreb on 11 November this year, an office issued a resolution by which a member of the 1st Guards Brigade is being recognized as a war invalid of the tenth group with 20 percent invalidity due to head wounds inflicted by shrapnel on 29 October 1991; hence, on the basis of Article 71 of the law on the protection of war invalids, he is granted a right to monthly invalidity benefit to the tune of 28 lipas from 1 November 1991 to 30 June 1992, then 81 lipas from 1 July to 1 December 1992, then 1 kuna and 60 lipas, then 4 kunas and 50 lipas, and finally in 1994—25 kunas and 26 lipas. All this is written out in letters and figures with explanations on three pages. It was also duly forwarded to departments for administrative and legal affairs and to the welfare department. But I did not learn about this from you or from any state institution—I learned it from the citizens.

All of us ought to ask ourselves over these and similar cases how many people have taken part in the preparation of these regulations and resolutions. How many hours and days of work were used? How many kunas does the state have to pay to adopt such a senseless resolution insulting human dignity and patriotic feelings of the citizens? On behalf of the top state leadership of the independent and democratic Croatia, I would like to apologize to all those citizens who have been insulted by bureaucratic actions. But at the same time I am calling on all members of the legislative, executive and judicial authorities resolutely to remove all similar bureaucratic actions from our society. [applause]

It is both my and your task to make sure that all bodies and individuals in any branch of authority act in an effective way and in line with high moral and constitutional principles, in the interest of the citizens and the nation who did not hesitate to sacrifice themselves in order to have their own humane, wise, and effective authorities, different from those others—which worked against people and were imposed by foreigners.

Ladies and gentlemen deputies, over the past two years of implementing the new Croatian system of state administration and local self-government, the advantages of the new system of administration have been confirmed. It has become clear that the introduction of small municipalities was justified, because they are close to the people's interests and very effective in the system of self-governing decentralization. Considering the size of territory they cover, and the economic and transportation links, the counties have proved to be the units through which the decentralized state administration can function effectively. They are also a natural form of self-government of larger areas, which allows regions to express their specific interests. At the same time they are an obstacle to any aspirations toward autonomy or regionalization [words indistinct].

Through the further development of this system, we must get rid of all imprecisions and shortcomings. We must define more clearly the scope of activity of administrative and self-governing competences of counties, towns, and municipalities, taking into account special characteristics of large cities. By ending the practice of duplicating work in the same area we should ensure a more effective and better paid and trained administration. We should resolutely eradicate bureaucracy at the root. We should further consider the financing of the counties' activity, considering its administrative and developmental role. We should legally strengthen the prefect's position in the system of administration and local self-government, as well as his or her immediate responsibility as a representative of the central state authority in the county. We need to review the remaining demands for changes in the territory allocated to certain municipalities, towns, and counties, and improve the division into areas in line with relevant laws. In that context, we should reconsider the merging of the city of Zagreb with Zagreb County.

On democracy and human rights: Taking into account the communist inheritance and the circumstances in which the Croatian state and Croatian society were created and are now functioning, we can claim with full responsibility that satisfactory successes have been scored in the development of democracy and the protection of human rights. Democracy in Croatia—judging by the recognition granted by representatives of relevant international organizations, among other things—can be compared with that in the most democratically developed countries. Among other things, this is testified by the existence of immediate constitutional protection of human rights before the Constitutional Court, which exists in only a few developed democracies, by the introduction of the people's attorney in the capacity of parliamentary champion of human rights, as well as by the world's highest standards of the protection of ethnic communities or national minorities.

It would be interesting to compare the standards of human rights protection prescribed by the European Convention with those regulated by the Croatian Constitution and Constitutional Law. It is obvious that,

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when speaking about the scope and number of national minorities' rights and the forms of their protection, Croatia by far exceeds the standards of that convention which the Council of Europe endorsed on 12 November this year. It is important to stress that Croatia guarantees and protects a series of national minorities' collective rights, while the European Convention provides only for the protection of personal rights, completely oblivious of the concept of collective rights of national minorities.

There are definitely certain difficulties in the implementation and protection of human rights in Croatia, and some rights are occasionally even violated. But considering the circumstances caused by the Serb aggression and the special war conditions, there are in fact surprisingly few difficulties and violations if we bear in mind that not a single democratic state, functioning under normal conditions, is free from them.

All bodies of Croatian authority are responsible for the implementation and protection of all legally guaranteed human rights in order for the Croatian state to be a democratic and legal state of equal citizens. In the implementation of these tasks, the Croatian authority welcomes and considers as positive the activities of nongovernmental associations and organizations which were set up to promote the development of democracy and the protection of human rights. But, in this context, I should stress that in our abnormal, almost wartime conditions, it is not, and it cannot be, acceptable that certain individuals in these organizations should abuse the problem of human rights for their political fight against Croatian state authorities, which at the same time face existential problems of its refugee citizens, the problem of the occupied areas, and have to deal with attempts at many forms of foreign interference.

When speaking about human rights, we should bear in mind that social rights fall into that category together with human and political rights. Under our Constitution, Croatia is also a social welfare state, and social justice is one of its fundamental constitutional values. This is why we must ensure a balance in the protection of the social rights of all strata of Croatian society, as part of Croatia's economic policy within the system of free-market enterprise.

The government's social policy program should focus on the social status of invalids, refugees, and all other victims of the war, as well as that of pensioners. All steps in economic policy, in respect of both human rights and the stability of Croatian society and of the Croatian State, must take into consideration the social position of Croatian people. All Croatian authorities must constantly bear in mind the goal of providing the best possible standard of living for all citizens in the unitary, united, democratic Croatian State.

Considering our special circumstances, trade union leaders and members should have their attention drawn to the fact that they should not enter the political fight against the Croatian Government and authorities under the pretext of fighting for social rights. This is in contravention of the trade unions' constitutional role as well as the nature of trade union activity in developed West European democracies. The public should be told that the state cannot meet all the demands put forward by those who started the railway workers' strike for higher pay because the state already subsidizes Croatian Railways with more money than it spends on care for refugees or the completion of works on the Rijeka highway.

The legislation on labor and social policies must be completed as soon as possible to enable us to implement a global social policy with more success and to respect the fundamental principles and institutions of a social welfare state and social justice within the system and program of our economic policy. This legislation must be modelled on the solutions which best express the balance of aims and rights of free market enterprise and social welfare state.

On the security situation and the protection of people and property: On the whole, the security situation in our country is much better than in many countries which did not go through the war and through changes as intensive as in Croatia. On the whole, crime—and even terrorist crime—was on the decrease last year and this year. There were 789 crimes in 1991, 1,103 in 1992, and 177 in 1993. In the first few months of 1994 only 17 crimes were recorded. The number of explosions and arson cases is falling as well. There were 1,210 in 1993 and 518 in the first (?six) months of this year. The number of crimes has fallen by 19.1 percent compared to the same period last year.

It should be stressed that the number of crimes per 100,000 citizens—1,615—is lower in Croatia than in Slovenia where it is 2,242, or in Slovakia where it is 2,741, or in Hungary—3,888, and in the Czech Republic where it is 3,985. It is also interesting that Croatia is much more successful in finding the culprits for these crimes: 62.7 percent of culprits are discovered in Croatia; in Slovenia 57 percent; in Slovakia 56 percent; in Hungary 54 percent; in the Czech Republic 31 percent. The number of investigated economic crimes has increased by 26 percent. This shows that abuse in that sphere persists, but also that there is more success in combating economic crime. For example, in the 11 months of this year the financial police uncovered embezzlement to the tune of 341.5 million kunas.

In the context of the state's perseverance in combating and punishing all abuses in the process of ownership transformation and privatization, five charges had been brought in county courts by the end of last month and 21 other cases are under investigation. This shows that in legal terms, there were irregularities in 1.1 percent of cases in the process of privatizing 2,158 firms. In 14 percent of cases there were (?management) disputes [words indistinct].

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Of course, all state bodies at all levels must deal with the problem of ownership transformation and privatization—not only from the legal and economic points of view, but also from the moral and political points of view.

Unfortunately, we are increasingly concerned about the phenomenon of drugs. There are around 10,000 drug addicts in the Republic of Croatia; around 5,000 of them are addicted to the most intoxicating drugs—heroin and cocaine. This is the consequence of various objective factors of civilizational deficiency. For many reasons, Croatia is becoming increasingly interesting to drug smugglers, as is evident from the large amounts of confiscated heroin and cocaine. Considering the urgency and the damaging effect of this problem, we must adopt a state program for combating drug abuse.

The problem of an increasing number of road incidents and accidents is also a serious one. Their total number has risen over the past 10 months by 6.6 percent compared to the same period last year. Last year 855 people died in road accidents, while 15,590 people suffered light and serious injuries. This year, 665 people died and 14,798 were injured by the end of October. A national program of traffic safety will be launched. It should devise in a more systematic way educational and penal measures.

Fire prevention has been improved. In addition to improvements in the operation of professional and voluntary fire-fighting services, this has also been considerably facilitated by the acquisition of fire-fighting aircraft and helicopters. The total amount of fire-related material damage has been reduced by 18.6 percent in relation to last year; from 133.8 million to 108 million kunas.

All in all, the overall state of security and crime prevention for individuals and property can be regarded as positive, particularly so if we take account of our complex and unfavorable circumstances. They are even more unfavorable than in some other countries, so this can be explained by pointing out the general renaissance of the Croatian people as well as the stability of our democratic system and the effectiveness of the security and legal system.

In this context one may say in conclusion that this is also a result of the fact that one of our very important tasks has been carried out, namely the harmonization of Croatian legislation and the complete legal system with the Constitution that we passed four years ago today. Today, over 80 percent of legislation is geared to the Constitution. During the course of this a series of fundamental economic and financial laws has been passed, which provide incentives for Croatia's economy to move toward the free market and entrepreneurial system.

The legislative reform based on these principles could have been even more thorough. It can and must be implemented even faster and more consistently than it has been so far. In the sphere of finance and economics, laws on ownership, privatization, antimonopoly measures, laws on financial documents, investment funds, and value added tax should be passed as soon as possible, while in the state and political sphere, laws are needed on denationalization, referendum, unions, and the official use of the languages and scripts of ethnic communities.

I will now embark on section four—the economic situation.

Ladies and gentlemen, deputies, having won the war of independence and democracy, Croatia has also won a very important battle for economic stabilization. This has been achieved without a single dollar in any kind of foreign loans, by relying on its own resources alone and the sacrifices made by Croats in Croatia and its diaspora.

We are facing the answer to the historic challenge necessitating Croatia's economic restoration. We have curbed inflation, increased Croatia's hard currency reserves. We have introduced and affirmed the Croatian currency, the kuna. We have achieved its internal convertibility and nearly achieved its full external convertibility. Having curbed inflation, we have restored the stability of the Croatian currency and confidence in it. This is a precondition for savings, which is a source of investment and security in general economic development.

We are now facing the task of carrying out further reforms with the aim of building a modern and efficient state administration and starting a cycle of economic growth and increasing employment, so that the living standards of all Croatian citizens can be raised. Putting an end to inflation has made it possible to review all the problems of Croatia's economy. Having identified them, we have to devise as fast and as resolutely as possible a way of systematically eradicating them, so we can secure the necessary stability for economic growth.

Any delays and attempts at buying illusory peace would jeopardize the results achieved so far. In the independent and democratic Croatian state there is every precondition for fast economic development. Hence, all the measures envisaged by the government's current economic policy must provide incentives for the economy and entrepreneurship and for their revival.

Already this year we stopped the old trend of deterioration in the economy. Next year we must launch economic growth and technological renewal. The aim of the Croatian economy is to come closer to, or even catch up with, the developed European countries as soon as possible by increasing its current gross domestic product of $4,000-$5,000 to the European average of $20,000. In order to achieve that, Croatian economic policy must reach and maintain high growth rates of 6 to 10 percent. The ambitious but realistic long-term aim of the Croatian economy must be to achieve a gross domestic product of around $100 billion, or in other words, the GDP of developed European countries of our size.

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When judging the results of the economic recovery achieved so far, we must remember that when we proclaimed independence we had no institutions for and experience of conducting independent monetary and tax policies, no established tax and revenue system—customs, financial police, [word indistinct], no global Croatian policies for foreign trade, agriculture and industry, and none of the necessary technical and statistical instruments for the implementation of an independent economic policy. Over a short period of time, by using the know-how, experience, and energy of all economy-minded people at home and in the diaspora, we built the foundations for an independent and successful economic policy. We also knew how to make good use of the know-how and advice of foreign experts. We took Croatia's economic future in our hands, just as we did with its political future.

For the first time in our long history, the wealth of the Croatian land and the fruit of the physical and intellectual labor of the Croatian people—from workers and businessmen to intellectuals—remains at the disposal of the Croatian nation and its own state. International political, military, and economic experts asked in surprise how we managed to withstand the strain of the imposed brutal and destructive war, build the state and the Army, and provide for thousands of Croatian refugees as well as hundreds of thousands of refugees from Bosnia-Herzegovina—for whom even now we have had to earmark around 7 percent of the budget—without shortages and hungry, forgotten people. The simple answer was and still is: Croatia's state independence was the fundamental source and basis of its economic survival too.

Even in the most difficult year of the war our farmers and agricultural workers produced more than enough food for the needs of all citizens and army personnel on all the battlefields. After decades of toiling in the former Yugoslav community, in which Croatia's natural Central European and Mediterranean orientation could never have been fully developed, the establishment of the independent state in 1990 marked a historic turning point in economic life too.

The economy of the former Yugoslavia stagnated and even deteriorated for a whole decade from the 1980s. From the former Yugoslavia Croatia inherited hyperinflation, a technologically outdated economic structure, largely orientated toward East European and Yugoslav markets, (?unrecognized) internal and external public debts, hidden unemployment of 30 percent, and legislation at odds with a modern market economy. This state of affairs was followed by the Yugo-communist and Serb aggression, the brutal war, destruction, the occupation of a considerable part of our territory, the war in Bosnia-Herzegovina, refugees and displaced persons, and all the problems and expense resulting from the above.

Only when we consider all this can we make a reasonable judgment about everything, including the economic situation. Despite the unfavorable conditions, we made great progress in building the economic structure and institutions for a modern market economy in the process of transforming the socialist economy into a market economy. The two monetary reforms and the introduction of our own national currency—the kuna—were of particular importance. At the same time, the Croatian economy continued its successful penetration of the world's markets where it has found new space under increasingly favorable conditions. Our trade balance is more or less balanced out. Around half of Croatia's exports and imports go to the EU. The trade balance is in a small deficit, but the current balance sheet is positive because of high revenues from the export of services, which is a source of the fast increase in foreign currency reserves.

In January 1993 the National Bank of Croatia had $195 million in foreign currency reserves and authorized banks had a further 628 million. The total foreign currency reserves were $723 million. That was much better than nothing, which was what we had on the day we declared independence. Today, in December 1994, the foreign currency reserves in the National Bank of Croatia are around $1.4 million. The reserves in the authorized banks are around 900 million, which brings our total foreign currency reserves to around $2.3 million. It is realistic to expect them soon to reach around 2.5 billion.

It should be particularly stressed that fresh foreign currency savings, which were only $160 million on 1 January 1992, and a year later 221 million, had by 31 October 1994 reached $1.104 million. The constant rise of personal savings in foreign currency and the foreign currency reserves are the best sign of economic stability and the citizens' trust in the Croatian currency, as well as of the viability and export-orientation of the Croatian economy. On the other hand, the high and still rising foreign currency reserves are a guarantee of the stability of the Croatian kuna and the guarantee of (?the payment and debts) of the Croatian economy and state.

In these increasingly favorable conditions, work on the restructuring of firms and on the introduction of new products, new technologies and new managerial methods should be speeded up. All this aims at increased production and lower production costs, in order to make Croatian firms competitive on the world's markets.

Companies in the major economic fields must remain committed to increasing exports in the long term. A state budget has always been an expression of a government's general and economic policy, and external and internal circumstances. After long centuries our people realized that they were now paying taxes to their own state to the benefit of all Croatian citizen and the Croatian State. This year [words indistinct] the IMF, for the first time Croatia's state budget has been accepted in the mold and shape of the developed states.

It is necessary to pay lasting attention and invest decisive efforts to spend the state budget monies carefully and

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frugally. To this end, following the example of the countries of the free and democratic world, we have set up an independent state monitoring body charged with monitoring [word indistinct] spending the funds in the budget. A state treasury has been set up. It will mediate all payments to recipients of the budget, something that will also provide a better insight into the spending of state money.

In the context of the implementation of the general program of stabilization, the government is preparing a program for the recovery of banks to which end [words indistinct]. In being committed to this European, modern taxation system [words indistinct] we have set tax rates lower than in most neighboring countries. Croatia [words indistinct] 25 percent is one of the most favorable in Europe. We have started resolving the situation we inherited in major public companies, in the finances of health and pension protection.

We have laid the foundations for their restructuring and gradual privatization. In the coming period it is necessary to continue speeding up the reforms with the aim of building a health and pension system befitting a market economy and a democratic state which must provide social care for all its citizens.

The inherited system of financing health and pension protection, whereby net salaries were burdened by a total as high as 120 percent, does not suit our general direction. It discourages new jobs; a rise in unemployment at about 12 percent fuels jobs in the gray economy. One should use the experience of others and this burden [words indistinct]. In the implementation of restructuring and privatization we have strived to channel the ownership of state property into the hands of as many Croatian citizens as possible. The irregularities identified in restructuring, which have also been discussed in this Assembly, must be eliminated by strictly applying the laws—not in order to slow down privatization but to speed it up. In the implementation of restructuring over 540,000 Croatian citizens have become shareholders. This is about 12 percent of the population, which is a higher percentage than in many developed countries. In the future, changes should be implemented in a way that improves the position of small shareholders by extending the term of repayment by as long as 20 years and by making it possible for almost every Croatian citizen to be and remain a shareholder.

The total funds realized in the hitherto implemented process of restructuring amount to about 5.25 billion kunas, including 1.53 billion kunas in cash. The revenues generated by the privatization can and must become a source of economic development, particularly of small and medium sized entrepreneurs. By last month, 1,138 companies had been fully privatized, out of a total of 2,520 companies. These are largely small and medium-sized companies. Majority [words indistinct] 192 companies, while 391 mostly large companies have been privatized [words indistinct]. The privatization of large companies will be carried out next year by seeking the economically most favorable solutions.

The Croatian Fund for the Privatization of Shares has earmarked about 4 billion kunas, 3.9 for the implementation of denationalization. Over 13.6 billion kunas have been channelled to the pension funds to the nominal value of shares. This should be a way of establishing stable and sound pension funds. There is a possibility of turning the pension funds by the end of the process of privatization into owners of over 40 billion kunas in various shares.

Understandably, all pensioners will benefit from rich pension funds. One should strive to create the possibilities of lower taxes and open up room for additional pension schemes in line with free choice in the free market economy. An ever increasing number of Croatian emigres are taking part in the implementation of the privatization.

This year and last, Croats from New Zealand, Australia, Chile, the United States, Canada, and most European countries have invested in our companies. Disabled veterans from the homeland war and the families of dead defenders have been offered shares in 350 various companies to the tune of 562 million kunas. On this basis we have 25,177 new shareholders. One should also consider granting shares to Croatian refugees and other sufferers. By reaching the agreement on establishing the federation between the Croats and Muslims in Bosnia-Herzegovina and its confederation with Croatia, we opened up a possibility for Croatian firms, particularly in cooperation with firms from Bosnia-Herzegovina, to find an open door to economic endeavors not only in Bosnia-Herzegovina but also in Islamic countries.

The gradual stabilization of conditions has been facilitating the tourist trade in Croatia. The number of tourists in 1994 was 57 percent higher than last year.

Overall tourist spending reached 7.5 billion kunas; in the next year we can count on not only a substantial increase, but also with an increase in tourist spending.

For the international public, the success of the Croatian state economic policy in curbing inflation was of particular importance. The fact that Croatia has the lowest inflation in Europe and a well- balanced budget has left a favorable impression on world political and economic circles. In our economic policy, we are resolutely going to support the possibility of foreign investments in Croatia. Of course, in this we shall keep a vigilant eye on national interests and preservation of state sovereignty. But if we wish to have a speedy economic recovery, then in addition to Croatian capital, we need foreign investments.

Public works in the domain of constructing the traffic infrastructure are of particular importance for giving a momentum to development, production, and employment. We have issued an international tender for the

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construction of roads, and we are prepared to offer concessions. We have received a number of valuable and serious offers. We are examining them attentively. We must not allow Croatia to remain isolated traffic-wise; therefore we wish the first works on the construction of highways in Istria and the Rijeka-Zagreb-Goricani, Zagreb-[placename indistinct] highways to begin or continue in the new year. Croatian traffic priorities also include the construction of the Rijeka-Zagreb railway line and linking up Dalmatian Croatia with northern Croatia with a highway and railway lines.

It is necessary to construct a number of power sources needed by the Croatian industry, including the completion of Plomin 2 [hydroelectric power plant], in which foreign investors also have shown interest. Until Croatia gained independence it invested in the construction of power sources outside Croatia—in 1989 it obtained less than 50 percent of electricity generated on its territory. This was also one of the ways of keeping Croatia in a dependent and obedient position.

Over the past years, we have invested a lot in repairing and developing traffic infrastructure and telecommunications. We have reconstructed all airports that suffered war damage, we have increased the number of telephone lines from 17 per 100 citizens to 26 per 100 citizens. We have our Croatian Airlines which currently flies to 14 countries. Despite war conditions we have maintained the Croatian railway network, have solved the problem of electricity supply of all Croatian areas, Dalmatia in particular, and have improved ferry lines along the Croatian coast. We have maintained and constructed more roads and parts of highways and more quickly than in peacetime Yugoslavia. Taking everything into consideration, last year and this year, the Croatian Government of Prime Minister Nikica Valentic achieved results in the implementation of Croatian economic recovery that represent a solid basis for further economic development.

I shall move onto the fifth part: social activities.

Esteemed ladies and gentlemen, if, under the term culture—in its broadest sense—we are to understand language, national ideas, and all intellectual, artistic, and scientific and material creativity, including the state organization, then we must agree that culture underpins the survival and existence of a nation. [applause] This has also been reflected in the case of the Croatian nation. It was possible to establish a free and independent Croatia on this basis. Hence there can be no doubt about the fact that the Croatian state and political leadership is doing everything possible for the preservation and development of the Croatian culture in the given circumstances.

Of course, the conditions such as the creation of state independence, war, and destruction had a significant influence on our culture. They did not destroy its survival and continuity, they did not prevent new achievements. Negative circumstances have even opened our eyes to some of our real goals—for instance, the ability and high motivation of our creative people in almost all fields, especially in the protection and restoration of cultural and national heritage. We are grateful for the fact that our heritage has not suffered more.

The closure of the coke plant in Bakar can be taken as an example of new approaches to the protection of environment, the culture of life, and the economic interest of people and places.

The transformation into a free market economy poses a number of problems for culture. Although there are many examples of commercially successful cultural projects, much more still needs to be done in order that the simplified market conceptions do not harm those cultural projects which are of national importance.

Let's take the problem of books for example. State authorities should not just allow the publication of major works of art. In its financial policy the state must find ways—in conditions of reduced purchasing power—to protect books and make them accessible, as books are important today becuase of language and because of people.

Let's take the example of language. Linguistic culture is not dependent upon cultural activities alone. If we are to prevent the flood of Anglicisms leaving a thick sediment in our language, which will be even more difficult to eradicate than that of all the Germanisms, Italianisms, and Serbisms, then we must devote greater attention to this problem by turning to everyone from the assembly and the government to municipal and city authorities. There are some well founded views that we may need a special government department for this field.

Despite the war drama, we have been witnesses of not just an animated theater culture, but also the restoration of damaged and old theaters. Apart from the investments in know-how, a new theater law is needed to regulate mutual responsibilities of local state authorities and theater artists and theaters, in order to improve the security of theater creativity.

The interaction of science and art has produced great manifestations of our identity, such as the Saintly Path exhibition to mark the 900th anniversary of Zagreb diocese and the city of Zagreb. Preparations for the 1,700th anniversary of the city of Split are to follow soon. The treasure of Split's art, culture, and history—just as Dubrovnik's—is not only of national, but of international importance too.

We should look closely at the fortresses of our medieval testimony and the medieval fortress-towns such as Cetingrad, Zrin, Veliki Tabor, and so on. The Croatian State Archives and the Croatian History Museum should be refurbished and expanded and a Croatian military museum should be set up. There is a need to start a permanent exhibition of modern Croatian art and a

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museum of sacral art to show to the world our currently hidden capital national treasure.

In order to encourage creative spirit and improve the artists' position in the society, the government must review the problem of sponsorship and donations. [applause]

When we won international recognition, we also gained fresh links with the world in the cultural sphere. Seeing that the so-called media—or rather, information about Croatia and the world—fall into the category of general culture, I feel I should say something about it now.

It is obvious and perfectly understandable that all heritage stemming from the disintegration of and the conflict in the old Yugo-communist system and the creation of the new democratic order in independent Croatia clashed more often and more fiercely in this region than anywhere else. Under special internal and international circumstances, due to the aggression and the initial open resentment toward independent Croatia, it was not surprising that representatives and servants of the old system took every opportunity to wage a battle against the establishment of the Croatian authority under the pretext of democracy. These are the reasons for why and how democracy was abused, which is evident from anarchic and uncultured things that have occurred as an expression of the inability to accept the Croatian state and the failure to respect the results of the free elections and the democratically established institutions.

On the whole, positive results have been achieved in the overall democratization of the media. The ownership transformation and most of the privatization of the newspaper and publishing industry have been completed. There are around 800 publications—dailies, weeklies, monthlies, and other publications—in Croatia. In addition to the state Croatian Radio-Television, there are 11 completely independent television and 60 radio stations in the country.

Speaking about central Croatian radio-television, I would stress that in the past period, especially during the war for the homeland, it played a positive role. There are, however, serious problems with editorial policy, which must successfully respond to the demanding needs of the state, political, economic, and social life, as well as with the technical infrastructure which should enable Croatian radio-television to cover effectively all Croatian areas and all countries in which Croatian emigrants live.

By general agreement, the Croatian information system is among the freest in the developed world. In its further development, laws must be passed defining more precisely the responsibility of the editor and owner when state interests are harmed, with a firm guarantee of the freedom of public expression.

At the end of this topic, we should remember that in the sphere of education and science the whole of society, as well as the state authority, must pay due attention to sport. We should provide sport education from the earliest age and versatile amateur competitions because this is in the interest of people's health and the country's defense capability. We should make a distinction between amateur and professional sport, but encourage efforts to achieve top results. Successes scored by Croatian sportsmen in many areas greatly contribute to the good reputation of the sovereign Croatian state.

In an overall effort to improve the inherited situation, we have made progress in other social services of national importance—education, science, and health care. By passing new, modern, civilizational laws, free from an ideological basis, we have touched only the tip of the iceberg. This has enabled us to begin the fundamental changes leading toward a system built on new foundations. But it is impossible to change the system overnight. Still, we can consider our past efforts in changing the system as successful. Through changes in state administration, including the ministries, we have achieved more effective supervision, implementation, and financing of tasks. National councils for science and higher education have been set up. They employ top experts whose task is to find the best possible solution for the transformation of the system.

Considerable results have been achieved so far in changing school educational programs and text books. We have restored the traditional system of secondary education. Statutes of state universities have been passed. In line with the new law, possibilities for more profound changes in the university system have been opened up, providing, among other things, for the founding of nonstate universities. One quarter of the higher education budget is spent on improving the students' standard of living.

The transformation of scientific and research institutes has been carried out. The national research program—which is to define desirable trends in the network of the institutions and establish priorities in scientific research—is being drawn up. Care for the new generation of scientists should be particularly stressed. The Ministry of Science finances more than 1,000 young scientists, which will enable those with greatest talents to take part in research projects and pursue postgraduate studies.

Investment in the infrastructure has continued and will continue, depending on finances. Modern information systems establishing links with the international community of students, university staff, and scientists have been set up. The capital project of building the National and University Library has continued.

The state authorities of sovereign Croatia must focus on developing basic and applied sciences in order to overcome as soon as possible any negative inheritance of the past. The issue of the Croatian area illustrates well what kind of extremely important problems we have to deal with. In the former Yugoslavia, divided into the then

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socialist republic, the area of Croatia was always quoted as 56,538 square km. This was taught at school and presented to the world. The sea area, as specified by international law on internal waters and territorial sea, was never included, as though the sea and underwater treasure were absent or less important for the nation and state than the mountain rocks dividing fertile valleys. Unfortunately, this practice was continued after the establishment of the independent Croatia in almost all educational, official, and advertizing materials. Hence, it is not surprising that in our maritime law—passed by this Croatian assembly on 25 January this year—the island of Vis is not included in the borders of internal waters, for which, of course, there is no excuse. An atlas published by Sportska Knjiga and the Miroslav Krleza Institute of Lexicography last year and one single geography textbook for primary school are the only exceptions which add the Croatian territorial sea to the land area. The Croatian territorial sea encompasses 12 nautical miles from the mainland coast, as well as islands, isles, reefs, and rocks comprising 33,200 square km. Therefore, the total land and sea area of Croatia is 89,738 square kms, which makes Croatia a medium sized country, 20th of the 43 European countries: before Austria, the Czech Republic, and many others. [applause]

Apart from this area, covered by full Croatian state sovereignty, Croatia is also entitled under international conventions to the continental shelf and an economic strip, which in our case overlap, something that is an extra 23,870 square kms in an economic sense. With regard to what I have explained, one should introduce changes to laws and regulations and make sure they enter all textbooks and reference books, both domestic and foreign editions.

As far as health care is concerned, one should note the organization of medical services and their high degree of self-lessness displayed in the homeland war, not only in Croatia but in Bosnia too. A great deal of progress has been achieved in streamlining finances. Norms have been set, and a network of health care institutions has been defined. For the first time, control has been taken of specialized spending, which facilitated the reduction of losses. How successful the changes are is also testified by the World Bank's award and its promise of financial support for the further restructuring of our health care service. We must, however, be aware that we spend considerably less per capita on health care than what is on average spent in developed countries.

This is why the restructuring should continue. Additional forms of health care should be created. Individuals should be empowered to make their own decisions on channeling private funds to health care within the framework of competitive health care schemes. Following the experiences of developed countries, one should embark more resolutely on privatizing the health service and health care.

In this context, one should also consider an acceptable degree of decentralization and forms of enabling health workers in state hospitals to run their own private services. The consequences of the war and aggression have imposed severe limitations on financing all social services. However, compared to last year, this year we have managed to secure 60 percent more funds for science and education. This demonstrates our resolve not to let austerity threaten regular activities and development of social activities since they are of strategic importance for the existence of a nation and of the state's defense capability.

We have every reason to be proud of managing to maintain the high level and international reputation of our science, health, and education despite objectively harsh circumstances and communication difficulties.

Now, here is section six: the need for demographic renewal. Esteemed deputies of both chambers of the Croatian Assembly, from this position, I dare say, the gravest and most devastating consequence of the subjugation of the Croatian people, the unnatural communist system, and the anti-Croatian Yugoslav state is the most worrying demographic situation in Croatia. It is such that the Croatian people would face extinction if we were not to take resolute steps. In Croatia the birthrate has been on the decline for as long as 45 years—since 1950. Today, it is below the mortality rate. We had only 95 births for every 100 deaths in 1993. When I drew attention to this problem 30 years ago, the CK SKH [Central Committee of the Croatian Communist Party] told me in a derisive manner that nationalists used to forget the effect of civilization.

That fact that in Croatia's case the main reasons were of a political and economic nature rather than of a civilizational nature is testified to by the fact that all European countries have a positive birth rate today with the exception of Italy and Austria, which nevertheless maintain a positive zero level. It is only Croatia that has a negative rate. In relation to the average natural movement of population in Croatia in 1993, we had the following situation in Croatia's counties: Only eight counties were above the average rate of 95.5 births per 100 deaths—Zagreb, the counties of Osijek-Baranja, Medjimurje, Dubrovnik-Neretva, Posavina-Slavonski Brod, Vukovar-Srijem, Zadar-Knin, and Split-Dalmatia.

At the same time, 13 counties are below the average rate: the counties of Slavonska Pozega, Sibenik, Varazdin, Istria, [name indistinct], Primorje-Gorski Kotar, Sisak-Moslavina, Zagreb [as heard], Koprivnica-Krizevci, Bjelovar, Krapina-Zagorje, Lika-Senj, and Karlovac.

A picture of depopulation—may I have your attention—a picture of a depopulated, aging, and abandoned Croatia, ranging from the islands of the Adriatic and Lika to Podravina and Zagorje. There is an even more devastating angle to this if we realize that the birthrate is below Croatia's unsatisfactory average rate in 305 towns and municipalities. In 97 towns and municipalities, the

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rate ranges between 75 and 95 births per 100 deaths; in 124 the rate ranges from 50 to 74. In as many as 84 municipalities, the rate is below an unbelievable 50 births per 100 deaths.

The fundamental causes of this extremely worrying situation are as follows. Too large a number of people in their prime have left Croatia. Too few children are being born, while there is too large a number of children prevented from being born by abortion. There is a disproportionate rate of aging people in relation to the young population, something that is still deteriorating, implying a decreasing number of people with work and defense potential.

Reports indicate that 77 percent of the agricultural population is aged over 40 years, that about 18 percent of women have not given birth, that about 20 percent gave birth to one child, 34 percent to two children, only 11 percent to three children, and only 4 percent have three or more children.

In order to change this situation and Croatia's extinction, we need a well-considered demographic policy. How difficult and strategically important this task is is borne out by the fact that this situation can only be changed in some 20 or 30 years by resolutely implementing an active population policy.

If, as of today, every fertile woman gave birth to three babies, the decreasing birth rate would level out by as late as the year 2020. Consequently, it is high time for the top state leadership, the Croatian Assembly and government, to draw up a program for Croatia's demographic renewal. [applause]

We definitely need a demographic policy program that will secure demographic renewal of the Croatian nation and family. It must be based on spiritual, political, educational, economic, and social preconditions. We ought to stimulate the increase of our birth rate, primarily by increasing child benefits so that a family with three children should feel financially secure, or by providing free education for such families. [applause]

Mothers of four or more children should be given the average salary earned by her social equals, so that she is able to devote herself to bringing up her children and be financially provided for for life. [applause] Families with more children should be given concessions when it comes to the resolution of their housing issues. Single people should pay higher taxes. [standing ovation]

Allocation of shares to families with many children and to newborn children should be examined: 42,000 to 45,000 abortions are carried out in Croatia every year, primarily due to financial hardship and the inability to maintain an extra child. The proposed and other measures for the promotion of responsible parenthood are aimed at removing the material causes of abortion and increasing the counselling of parents and married people with the intention of accepting and promoting the protection of the unborn child. [applause]

With regard to the demographic situation, one should bear in mind that it has been made even worse because of the problem with occupied areas. I believe that the preparation and implementation of a demographic renewal program ought to be one of the most important tasks for the State Ministry of Renewal and Development, but that the entire state and all parts of national and social life should feel responsible for putting it into practice. Because of the far-reaching strategic importance of Croatia's demographic renewal, there is no other task of greater importance for our internal development.

The general political, national, and democratic renewal by which we established a democratic Croatia, and our economic renewal by which we laid the foundations for a healthy national currency and economic progress have to be rounded off by a demographic renewal in order to secure the survival of the Croatian people in the future.

Seventh, the return of Croatian emigrants to the homeland: Ladies and gentlemen assembly deputies, there are more than 3 million Croat expatriates worldwide. Of this number, around 10 percent are Croatian national minorities. There are around 250,000 expatriates who left Croatia in the period up to World War I. Between the two world wars, around 1 million Croats left Croatia. After World War II, including guest workers, around 1.5 million left. Finally, because of the latest war between 1991 to date, 94,000 people have fled Croatia for European countries and overseas countries; 71,000 are currently in European countries and 22,000 [figure as heard] in overseas countries. These details show that half of the expatriates were born in Croatia, while members of the other half, from the first to the fourth generation, have relatives in Croatia.

Around 700,000 Croats live in European countries, and around 2 million Croats or people of Croat descent live in overseas countries. If we take into consideration, on the one hand, the almost catastrophic democratic situation in the country and, on the other hand, the unenviable future facing the newest emigrants—the so-called guest workers who are threatened with assimilation in the most developed democratic countries—then it is clear how necessary and important it is that a sovereign Croatia should take resolute steps for the return of its expatriates.

A vast majority of our expatriates have very actively and in many ways joined the struggle for the creation and defense of independent Croatia. Therefore, it is realistic to expect that, with the right policy toward our expatriates and the right program, we can arouse their interest and desire, even enthusiasm, to return to their free and prosperous homeland. Since the proclamation of independence, around 3,500 people have returned to Croatia. Several hundred returnees took part in the homeland war. A large number of returnees are young

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people and children. During the last school year, 1993-94, there were 415 returnee children in elementary schools, 179 returnees attended secondary schools, and more than 100 student returnees attended our universities.

According to predictions by the association of expatriates, we can count on the return in the near future of at least 300,000 Croatian expatriates of all categories. That this sort of prediction is in no way unrealistic can be concluded from the fact that this figure does not include even half of our guest workers nor those who have fled because of this war. I personally have gained the conviction that even families of the second generation, with three to five children, are ready to return. In order to draw up a comprehensively thought-out program for the return of expatriates and its effective implementation, we need to set up a government ministry for immigration or the return of expatriates or whatever we are going to call it. It is more important to set it up. This ministry has been set up in all those countries, like Israel and Canada, which—either of their own free will or of necessity—must resolve immigration problems.

Our experience hitherto shows that individual return produces serious problems both for returnees and state officials, that there have been some cases of returnees giving up and going back. Of course, the desired return of thousands and thousands of people of different classes, professions, wealth, families with several children, businessmen and pensioners, and youth with various aspirations and goals requires that Croatia carry out thorough and comprehensive preparations.

Primarily, both in the homeland and abroad, we should remove all remnants of psychological barriers. In order to meet Croatia's vital and strategic interests and satisfy our expatriots' patriotic feelings, the program of return of Croatian people from abroad must become a state policy of the sovereign and independent Croatia. We should immediately set about creating a legal basis that will stimulate return, fill our emigrants with trust, and be binding on our state administration.

All levels of state administration should examine all the possibilities and ways of implementing that program: by selling state-owned land at favorable prices or leasing it for 50 years or more. This should also be applicable to Croats already living in the homeland. We should also encourage landowners through positive state measures to sell land on which they do not live and have not toiled for years to those who are going to use it for farming. We should also encourage return by reducing customs duties and offering special tax concessions to those who are returning to the homeland: by giving tax concessions and state assistance to those who are creating new jobs by opening various businesses; by an active support provided by the Croatian banking system to the programs of return with the state as the guarantor; by reducing to a minimum the different bureaucratic procedures that represent a real repellant to businessmen who are used to different practices; by building homes for returnees in several regional centers in Croatia, in which they could spend the first months after their return to Croatia until they create their own living conditions; by offering abandoned houses or real estate or the possibility of building new ones; by systematic good treatment of and a positive attitude toward returnees to the country; and by recognizing the years of service, qualifications, and degrees that the returnees have gained abroad.

We should resolutely and quickly remove weaknesses noted so far in the reception of returnees. I personally have had to intervene when you disappointed possible returnees by your bureaucratic actions and when they wanted to go back. People who wish to make investments through transformation and privatization have not been offered enough information and are frequently faced with incomprehensible obstacles. Those who wish to establish enterprises have been faced with disproportionately high prices of land, building permits, and communal services. Pensioners have been asked to pay high pension taxes, while other returnees must pay a higher price for social welfare and health care than the people in the country.

When given employment, they have frequently been given insufficient incomes to survive in Croatia; they have problems in obtaining Croatian documents. Not only through the work of a special ministry of immigration, but also through the work of all state bodies and nongovernmental organizations, we ought to secure the implementation of the program of return of as many Croat people from abroad as possible. It is not so much that we want their world experience, knowledge, or capital. We want to return the parts of the Croatian national entity that were torn off, and thus revive the demographically threatened Croatia.

Eight: The occupied areas and the mandate of the peacekeeping forces: Respected deputies of the Croatian Assembly, until independence was obtained in our time, the position of the Croat nation during its long history was such that many cited Ante Starcevic's saying: If it must be so, let Croatia be a mile long and a mile wide, but let it be free and happy even for a small number of Croats. We should also recall Starcevic's message to pro-Hungarian Croats: We cannot achieve anything more if we are not sensible and if we do not respect what we already have.

Respecting the depth of Starcevic's ideas, all serious Croatian state builders have always had only one goal and that is to establish an independent state of the Croat nation on its entire ethnic and historic territory. However, in the given historic circumstances, the fulfillment of that goal never depends on the will of only one nation. I already explained, in the first part of my address, why Croatia could not be an exception to this rule.

After the proclamation of independence, we were not able to establish our effective rule throughout our territory. We were prevented from doing so by the force of

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the Yugo-communist army, the rebellion of our Serb population, and Serbia's aggression.

Today, 23.34 percent of Croatia's land or 14.7 percent of the entire territory of Croatia is occupied by the Serbs and protected by the UN peace-keeping forces. Croatia has received assurances and straightforward guarantees from all vital international players saying that the occupied areas are an integral part of Croatia within its internationally recognized borders. Croatia received guarantees and assurances from all UN members and repeated UN Security Council resolutions, the UN General Assembly, main European world powers—Germany, France, and Great Britain—the United States, Russia, and China.

The condition set to us if we want to fulfill our undeniable right is to guarantee the Serbs in Croatia those rights envisaged by international conventions on ethnic communities and national minorities. For its part, Croatia has done everything necessary to reach a peaceful solution. In addition to general guarantees provided by Croatia's Constitution, in 1992 we adopted a special constitutional law on the rights of ethnic communities and national minorities. I presented concrete Croatian proposals within the constitutional framework to international players in my peace initiative launched on 1 November 1993.

Despite the fact that Croatia has demonstrated its total readiness for a peaceful political resolution, Serb rebels still reject implementation of the peace plan. They are being supported by Belgrade which is helping in the occupation by refusing to recognize Croatia within its internationally recognized borders. Based on my experience so far and the current situation, I find it necessary to say here: If implementation of the agreement reached with the local Serbs on the commencement of economic reintegration of the occupied areas into Croatia's constitutional and legal system—signed by Hrvoje Sarinic on Croatia's behalf, by the cochairmen of the international conference on former Yugoslavia, and by General Peters on UNPROFOR's behalf, in the presence of the U.S. and Russian ambassadors, Galbraith and Kerestedzhiyants—if this integration does not begin by 10 January 1995 Croatia will revoke UNPROFOR's mandate. [applause]

We are aware that the problem of Croatia's occupied areas is linked with bringing the crisis and the war in Bosnia-Herzegovina to an end. But we will have to adopt a decision in the light of the futility of all peace-making efforts and because of the justified indignation and demands of the refugees and the entire Croatian public, which has already found expression in decisions that the Croatian Assembly, as the top representative body of Croatia, has already adopted.

Croatian policy has to take into consideration the efforts made by numerous international players for the normalization of Croatian-Serbian relations. We are also aware that it is only the normalization of relations between Croatia and Serbia that can create important conditions for the creation of a new international order in this area.

Within the process of creating conditions for the normalization of relations, the process of succession to the former Yugoslavia should be concluded as soon as possible, because of the division of common property and international financial obligations, since these resources are partly used by Yugoslavia and partly frozen. We are ready to make our contribution to the conclusion of the crisis and to the restoration of a stable peace, but are also resolute in the protection of our national and state interests. Therefore, we will persist in our demand that the international community not lift the sanctions against Serbia and Yugoslavia until the issue of reintegration of occupied areas into Croatia's constitutional and legal system has been resolved. [applause]

We would like this to be done in a peaceful way with the help of the international community and of the UN peace forces. But, if Knin—be it with support or disapproval from Belgrade—continues to oppose the implementation of all UN Security Council resolutions and the latest agreement, then there is no justification for extending the UNPROFOR mandate. In that case, Croatia will deny its hospitality to the UN peace forces in January next year and take steps to which it has a right as every sovereign and internationally recognized state. [applause]

We are convinced that in resolving the issue of sovereignty on its occupied territories, Croatia will enjoy support from the international community on the basis of our mutual experience and trust gained hitherto.

Nine: on the Croat-Muslim Federation in Bosnia-Herzegovina and the confederation with Croatia: Respected presidents and deputies of the two chambers of the Croatian Assembly, I spoke in detail in my address to this parliament on 23 March last year about Croatian state policy vis-a-vis Bosnia-Herzegovina.

The signing of the Washington Agreement on 18 March this year under the auspices of the United States on the creation of the Croat-Muslim federation in Bosnia-Herzegovina and its confederation with Croatia came at a time when the main European and other countries—the United States, Germany, France, Great Britain, and Russia—who were previously divided over that issue, reached agreement that the world cannot accept a solution of the Bosnian crisis in which Bosnia is a three-republic union: Muslim, Serb, and Croat republics. We accepted such a solution because, for geopolitical reasons, it suits the strategic interests of the Croatian State and because it links the Croat people in Bosnia-Herzegovina with Croatia. As the minority Croat nation could be threatened by being outvoted by the majority Muslim nation within the federation, to which all experience from former Yugoslavia bears witness, irrespective of constitutional guarantees of equality, the Croats

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could see the only guarantee for their future not just in a consistent cantonal set-up of the federation, but also in a confederation with Croatia.

For a number of reasons it is envisaged in the Washington Agreement itself and in the constitution of the federation that the republic of Herceg-Bosna and its Croatian Defense Council [HVO] army remain in being until life is breathed into a new federation and pending confederal ties with Croatia. From what I have been able to state here, it emerges that the realization of the federation and a confederation with Croatia are in the interests both of Croatia and of the western world, especially Europe, but also in the interests of the Islamic world. This is evident in reality from their readiness to assist in breathing life into this entity both in material and political terms.

For the Croatian State and nation as a whole, the Washington agreement is a historic challenge, a chance to reach the most suitable solution or fail if demographic problems are not [word indistinct] and if relations between the Bosnian Federation and the confederation with Croatia are not resolved successfully. In this connection it is necessary to concentrate the efforts of not only all bodies of the Croatian state power, but also the overall economic and social life of Croatia in order that they can be included more effectively and comprehensively in the attempts for the realization of a confederation between Croatia and the Bosnian Federation.

On its part Croatia will continue to do everything in its power to speed up the final settlement of the crisis and help end the war, because this directly affects efforts to resolve the problem of the occupied areas and our economic [words indistinct].

Our public must realize that the Bosnian crisis is the most complicated problem in the international policy today. All powers of the European and international policy are taking part in efforts to resolve it, clashing over zones of influence in an attempt to prevent the crisis from developing into a conflict of civilizations and create conditions for the establishment of a new international order in this part of the world. In the course of this competition to try and find a solution, Croatia—with its positive role—has become a recognized and irreplaceable subject for all chief international players.

And 10, the conclusion:

Mr. Speaker of the Croatian Assembly, Madam President of the Chamber of Counties, esteemed deputies of both chambers of the Croatian Assembly, on the basis of everything I said in this report, I believe as head of state that at the end of this year on the fourth anniversary of the Constitution of the sovereign and democratic Republic of Croatia, we can conclude the following:

1. The international status of Croatia is very favorable, with developed good and friendly relations with many countries in the world, including the most important ones. Croatia has not only secured its position in the world, but the world also needs it as an irreplaceable subject in the creation of a new international order in the post-communist world.

2. The internal organization of Croatia is firm and stable. In the course of developing our democratic system we have already achieved a high level in the organization of a law-governed state, respect for human liberties, and respect for citizens' and minority rights.

3. Our pluralist democracy has survived all temptations to destabilize and provoke a crisis within the existing Croatian authority, through parliamentary and extra-parliamentary struggle. Furthermore, this speeded up its maturing. It also drew attention to the need for greater political culture. In all circumstances, especially in the exceptional circumstance in which Croatia still is, the interests of state policy, in the sense of consolidating its defense and economic power and its international status, must be above all party and other policies.

4. Executive, legislative, and judicial authority has made considerable progress, each within its own competence and in coordination with their activities. However, more resolute efforts are needed with regard to each of these fields and the ensemble of state administration and local self-government, especially with the aim of overcoming the remains of the old communist regime more speedily and preventing bureaucratic and unlawful deeds.

5. In the course of the Croatian economic renaissance we need the continuing support of the public for the stabilization program, the continuation of economic reforms and all measures aimed at introducing order in the state budget, as proposed by the government of Nikica Valentic. We also need to speed up privatization by speeding up the process of transformation of ownership, in order to encourage private enterprise, ensure greater productivity and economic [word indistinct], ensure the restoration of the existing and the construction of new infrastructure, in accordance with the vital goals aimed at securing Croatia's external and internal contacts. We should also ensure greater investments by allowing partial concessions, to encourage general growth in production and employment. One of the priority tasks of the government's economic policy is the creation of conditions for the employment of all able-bodied persons, while at the same time providing care for those who are genuinely without work and socially disadvantaged. We must not allow those who avoid work, cheat the law and spread devious behavior to abuse social welfare. The aim of the overall Croatian economic policy must be the consolidation of the Croatian state's defense power, as well as the raising of the standards of living of citizens of all social classes.

6. The priority task of the Croatian state policy remains the liberation, as soon as possible, of the occupied areas, the return of refugees, and the rebuilding of damaged areas. To this aim we need to consolidate both the defense and economic power of the country, and also to

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prepare the people to cope with any situation. [Words indistinct] and after that Croatia must provide special care for invalids of the patriotic war, for the families of the killed and the missing and for all other people who had suffered.

The Croatian State can accept the views of international players who are drawing attention to the historic need of normalizing Croatian-Serbian relations in order that conditions can be created for a peace and a new international order. However, Croatia cannot accept that its readiness to embrace a peaceful solution is abused in order to extend the occupation of the Croatian areas. For this reason, if the implementation of UN Security Council resolutions under UNPROFOR protection does not start immediately, Croatia shall reject the extension of UNPROFOR mandate.

7. Because of a highly alarming demographic situation the Croatian Government has been set the task of preparing a program of Croatia's demographic renewal as soon as possible. This program must ensure the renewal and development of families, prevent further expulsions and ensure the return of as many Croatian people as possible as quickly as possible. Such a program of demographic renewal must become a program of the Croatian State, but also of all factors of our national and social life.

8. We must devote the greatest attention to the resolving of all problems in the sphere of culture, science, health, and sport. In this connection, both state authorities and society as a whole must take special care of the education, health, social life, and development of youth and, likewise, take care of the elderly.

For the sake of a more comprehensive and speedier development in all fields of social activities we must encourage financing through [words indistinct]. Special care must be taken of school education and the employment of highly-qualified experts and all young people in general. We must continue the process of the restructuring of social activities, until their final coordination with the corresponding activities in developed countries.

9. The historic interests of the nation in general, and of the Croatian state in particular, force us to make efforts in all spheres of political, economic, cultural, and scientific life, for the purpose of the effective implementation of the confederation of Croatia with the Croat-Muslim Federation in Bosnia-Herzegovina. The implementation of the Washington agreements is equally in the interest of the Bosniak-Muslim people. In the course of creating the federation and confederation we shall have the support of the world democratic public and international players who are interested in the establishment and stability of a new international order in this part of the world.

10. We have sufficient grounds to make a general conclusion: given the position of Croatia in the world and the stability of its democratic system, the position of the Croatian state and nation is more favorable than ever before. The results achieved are a sufficient guarantee to citizens of Croatia that next year we could confidently continue to resolve all burning issues in the interest of the further development and consolidation of the modern Croatian state, for the benefit of all Croatian people and all citizens of the sovereign democratic Croatia. Thank you.

Serbs, Croats Agree To Withdraw Heavy Weapons

LD2312204194 Belgrade TANJUG in English 2006 GMT 23 Dec 94

["Pool" item]

[FBIS Transcribed Text] Sarvas-Nemetin, Dec. 23 (TANJUG)—Serb Krajina and Croatia Friday agreed to withdraw heavy weapons from the eastern zone of separation to positions envisaged in the Zagreb ceasefire by Dec. 31.

The eastern Serb Krajina local corps and Croatian army command in the city of Osijek agreed to withdraw heavy weapons from the zone of separation, where they were deployed following NATO air raids on Udbina airfield in southern Serb Krajina on Nov. 21.

Tensions between Serb Krajina and Croatia mounted with the escalation of the fighting in the western Bosnian town of Bihac, when the United Nations peacekeeping command called for NATO air strikes, alleging that Udbina airfield was used to support Bosnian Serb forces in their counter-offensive against the Muslim army.

Russian and Belgian peacekeeping battalions will monitor the implementation of the agreement.

On Dec. 27, the battalions are to check whether all units have left the zone of separation that takes up one km on each side of the line of separation.

On Dec. 29, peacekeepers are to check if both sides have withdrawn their tanks to 10 km from the line of separation, pursuant to the Zagreb ceasefire agreement that was signed in late March and took effect in early April.

On Dec. 31, peacekeepers are to check if both sides have withdrawn their heavy artillery to 20 km from the line of separation, as envisaged in the ceasefire agreement.

Serb Krajina local corps assistant commander Col. Kosta Novakovic said that Serb Krajina had no more troops or heavy weapons in the eastern zone of separation, while Croatian troops and heavy weapons remained on positions south of Osijek and in the Drava River valley.

Serbs in Croatia set up their own state, the republic of Serb Krajina, in 1991, after Croatia launched a war of secession from the former Yugoslavia and removed Serb national rights from the Croatian Constitution.

The territory was placed under U.N. protection in spring 1992.

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UNPROFOR Denies Banning Serbs From Highway

LD2512210694 Belgrade TANJUG in English 2028 GMT 25 Dec 94

["Pool" item]

[FBIS Transcribed Text] Okucani, Dec. 25 (TANJUG)—United Nations Protection Force [UNPROFOR] officials on Sunday [25 December] denied the existence of lists of people for whom travelling on the Belgrade-Zagreb highway would present a risk.

A Serb Krajina defense ministry statement said this was the reply UNPROFOR gave to a question posed by the ministry regarding alleged lists of Krajina Serbs who would be banned from using the highway.

The statement quoted UNPROFOR as saying that travel on the highway was absolutely unrestricted for all passengers, that so far no incident or situation unpleasant for any passenger had occured, and that the traffic unfolded normally.

The Belgrade-Zagreb highway, once a major link connecting western Europe with southern Europe and the Middle East, reopened for traffic on Dec. 21, after more than three years.

The highway, one of former Yugoslavia's main communications, was closed in 1991, after Croatia launched a war of secession from the former Yugoslavia.

Serbs in Croatia set up their own state, the Republic of Serb Krajina, in response to Croatia's unilateral secession and the removal of Serb national rights from the Croatian Constitution. The territory of Serb Krajina was placed under U.N. protection in the spring of 1992.

A section of the Belgrade-Zagreb highway runs through the Federal Republic of Yugoslavia, a section runs through Croatia and another one through the U.N. protected area of Serb Krajina.

The Serb Krajina defense ministry statement said arrangements for citizens from third countries to use the highway were underway. It said UNPROFOR had been requested to ensure the safety of all incoming and outgoing travellers and goods to Serb Krajina.

The statement said ambulances and technical aid teams patrolled the highway.

The statement quoted Krajina defense minister Rade Tanjga as saying the 'conduct of the Croatian authorities on the highway has been correct and professional so far and not a single incident has been recorded.'

The Belgrade-Zagreb highway was reopened in compliance with an agreement between Croatia and Serb Krajina on normalizing economic relations, signed on Dec. 2.

The statement said traffic of the highway was controlled by UNPROFOR and U.N. civilian police.

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List of New Government Members Elected 20 Dec

AU2312125994 Skopje NOVA MAKEDONIJA in Macedonian 21 Dec 94 p 1

[Unattributed report: "New Government Elected"]

[FBIS Translated Text] Yesterday, the Assembly of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia] held its sixth session and elected a new government headed by Prime Minister Branko Crvenkovski. It is composed of: Defense Minister Blagoj Handjiski; Interior Minister Ljubomir Frckovski; Justice Minister Vlado Popovski; Foreign Minister Stevo Crvenkovski; Finance Minister Jane Miljovski; Economy Minister Risto Ivanov; Development Minister Bekir Zuta; Jorgo Sundovski, minister for physical planning, civil engineering, and protection of environment; Dimitar Buzlevski, minister of transport and communications; Ivan Angelov, minister of agriculture, forestry, and water supply; Ilijaz Sabriu, minister of labor and social policy; Emilija Simoska, minister of education and physical culture; Science Minister Sofija Todorova; Culture Minister Estref Aliu; Health Minister Ilija Filipce; Gjuner Ismail, Sasko Stefkov, Ljube Trpeski, and Muhamed Halili, ministers without portfolio. The new government includes 10 members from the SDSM [Social Democratic Alliance of Macedonia], four from the PDP [Party for Democratic Prosperity], four from the LP [Liberal Party], and two from the SP [Socialist Party] and was elected with 71 votes for, and two against while 25 legislators, all from the Liberal Party, abstained.

Mandator Branko Crvenkovski presented a report at yesterday's session in which he exposed the main points of his cabinet's engagement. The four main areas that Crvenkovski expounded are: foreign policy, economic system, political system, and democratization of interethnic relations. Among the rest, Crvenkovski emphasized that the ministers were elected a result of his own personal views as well as of the negotiations that he had with representatives of political parties.

A three-hour debate was held before the voting in which 20 people took the floor. The discussions began with the stance of the liberals that among the proposed ministers there was one that signed the decision on the foundation of a university in the Albanian language in Tetovo, and that is why they said that they would refrain from voting if a PDP candidate remained on the list. The further discussions and polemics mainly related to inter-ethnic relations, from the aspect of the initiative for an Albanian university. The discussions of some independent assembly members were characteristic: They criticized the participation of the PDP in the power. Some members of the SDSM openly attacked the stance of the liberals and their announcement that they would abstain from voting on the election of the government, and they said that it was an attempt to put responsibility on one party and on the prime minister.

After the proclamation, the new members of the government signed solemn oaths.

Liberals' Dispute With Social Democrats Analyzed

AU2312161494 Skopje VECER in Macedonian 22 Dec 94 p 3

[Report by "V.V.A. and V.V.": "Principles or Dissatisfaction?"]

[FBIS Translated Text] Two days ago the Assembly of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia] elected the new Macedonian Government. In the ballot, 71 voted for Prime Minister Crvenkovski's cabinet and 25 abstained. The government was supported by the Social Democrats, Socialists, and the PDP [Party for Democratic Prosperity], while the 25 abstentions were from the LP [Liberal Party]. Does this mean that disagreements have arisen at the very outset among those who until yesterday were election partners in the Alliance for Macedonia?

Short Straw

The love between the Liberals and the Social Democrats which, by the way, has never been particularly strong, started fading during the negotiations on the new government. At the very beginning it was claimed that the Liberals strongly insisted on getting the Ministry of Finance. They explained that it was necessary in order to ensure a mutual control of the parties, especially in the most important ministries—the Ministries of Defense, Foreign Affairs, the Interior, Finance, and Justice. According to the Liberals, there are great possibilities for abuse of power if these departments are given to one party, especially if the same party gets the Ministries of the Interior and Finance. The circle was closed with the "Hard Rock" case [a discotheque destroyed by a group of people said to have be working for the Alliance for Macedonia] in which certain parties' secret machinations came to the light of day.

After the proposed cabinet list was announced, it became clear that the Liberals, who had invested a lot in the elections, were left with the "short straw." Instead of the expected five ministerial seats, they received only four—as did the PDP. Considering the number of parliament seats they won in the elections, little has remained of their ambitions. Some persons in the know said that this was a "punishment" imposed by Prime Minister Crvenkovski because the Liberals offered "blanket support" only three days before the expiry of the deadline for forming the government. However, some analysts who are aware of the skill of the Liberals' leader say that he will return the blow at an appropriate time.

Aiming at the Center

Nobody expected this would happen during the election of the new government. Nevertheless, none of those defeated would miss the chance of preparing a counterattack after the illegal opening of the so-called Albanian university in Tetovo which, as we know, was also

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approved by present Minister Ilijaz Sabriu. The Liberals explained that if he remained on the list, this would be tantamount to opening the door wide to anti-constitutional activities. For this reason, they abstained from voting, although they gave support to the other ministerial candidates.

In principle, the Liberals' remark at this juncture is valid. Even the members of the SDSM [Social Democratic Alliance of Macedonia] and the SP [Socialist Party] assessed Sabriu's action as illogical, because a member of government is committed by the Constitution to implement the Constitution and the laws, and therefore he cannot sign illegal acts. However, it would be naive to believe that Crvenkovski had not analyzed this question when he proposed his cabinet. There was the matter of Sabriu's signature, but there was also the PDP announcement that "if he left, they would abandon the government." The PDP regarded Sabriu not as a candidate of the prime minister, but as one proposed as a result of a decision by the PDP, and the PDP did not dissociate itself from the "opening" of the "university" in Tetovo. They even said unofficially that if Sabriu participated in an illegal action, the same can be said of Assembly Deputy Chairman Abdurahman Aliti, which leads us to the conclusion that the PDP would also be ready to walk out of parliament. Balancing between these two, the prime minister deliberately tried to reduce the tension.

The Liberals' action, which some say was due to dissatisfaction with sharing out of ministerial posts, was undoubtedly a propaganda move. The public will probably regard their abstention from voting for the cabinet as a whole as a principled stance aimed at protecting the state's interests. Some people even claim that in the future the Liberals will exploit any similar opportunity to explain their stance and score new points. It also true that given the "independence" of some parliamentary groups from the alliance [for Macedonia] on the one hand, and the absence of a powerful opposition on the other, there is now a possibility for them to hit the "center"—a position that the Liberals missed in the previous period. The positioning of the Liberals in this framework must be also viewed in the light of next year's local elections.

Editorial Criticizes 'Ambiguous' U.S. Policy

AU2312182694 Skopje NOVA MAKEDONIJA in Macedonian 22 Dec 94 p 2

[Editorial by Georgi Ajanovski: "In a Clinch"]

[FBIS Translated Text] According to boxing terminology, a "clinch" is when a boxer who lacks technique and skill tries to reduce the maneuvering space of his rival and end the match with a couple of blows. Every experienced trainer advises his boxer against such a move, but rather to get out of the corner and impose a fight from a distance.

After Gligorov's meeting with Butrus-Ghali in Geneva, and especially after the CSCE Summit in Budapest, it looks as if Macedonia [The Former Yugoslav Republic of Macedonia] is being forced to accept such a fight in the dispute with Greece. The pressure imposed by the international community and of its mediators is becoming stronger and more insolent, particularly since it became clear that the Macedonian leadership headed by Gligorov is not so naive and benevolent as to be tricked like a child that is given candy if it behaves properly and obediently.

As Macedonia has demonstrated great tolerance and constructiveness, a desire for a peaceful settlement of the disputes with its southern neighbor and, in general, a desire for the development of new, modern relations in the Balkans, some international mediators who are directly engaged in the establishment (or continuation) of the Greek-Macedonian dialogue have almost believed that the Macedonian president is ready to accept whatever they offer or invent. They probably think that, because of the new schedule of the world forces and the latest boiling of the Bosnian kettle that is increasingly escaping international control and threatening to produce a horrible explosion—in which Milosevic's military power has started to dictate conditions and solutions for the entire Balkan region—Gligorov will not have the courage to reject hasty proposals and projects for the normalization of relations with Athens. Confused and panicked by the fruitless failure of their policy in Bosnia, of the failure of the European strategy, and of the frequent revision of declared principles, they are hurrying to cast off the burden of the Macedonia-Greek misunderstandings, asking Macedonia to accept conditions that favor only Greece and that were proposed by Greece itself.

When Gligorov firmly repeated Macedonia's constant stance on the development of relations with Athens, rejecting any compromise that could be detrimental to the national and state interests of our country, the same factors that, until yesterday, used to respect this determination and admitted that an equal dialogue is impossible under the dictate of the Greek economic blockade, are now insulted by the "consistency" of the Macedonian leadership.

Once again, they say that Macedonia, and not Greece, is to blame for the bad relations and for a breakdown of the negotiations.

President Gligorov, in this sense, has been exposed to strong pressure. We have also seen that they are now looking to his adversaries inside Macedonia, who they expect will demonstrate greater "flexibility" and accept the offered proposals. Some people who were, until only recently, the loudest voices against him, claiming that he was preparing "national treason" and a "change of the name," are now not only quiet, but, in seeking an excuse for their political failure in the last elections, are running to offer their services to foreign collocators in overcoming the breakdown of the negotiations and claiming

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that they can be counted on. It is also confusing and disappointing that most of the parliamentary and non-parliamentary parties, being too busy with interparty rivalries and trivial calculations, are completely ignoring the serious threat that our state is faced with in this unequal battle. They have simply failed to give support to the defense of the principles on which the most vital national interests are based. In its struggle for international affirmation, Macedonia is now going through a situation as complex and ambiguous as it was after the Lisbon Declaration, when our state's name was erased and when it was asked to give up its historic inheritance if it wanted to be recognized by Europe.

Aware that Europe is an affiliated prisoner of the Greek partnership and the Greek ministers, Macedonia asked that its international status be solved within the frameworks of the United Nations, of it it succeeded in being accepted as a member, with the promise that the provisional name that was at first given to it would be solved in a principled way depending on the negotiations with Greece. More precisely: The international community has no authority to interfere in such matters and to define the names and symbols of states; this is a problem of two countries that have to find a solution through mutual negotiations.

In that sense, the assistance of mediators was offered with the goal of restarting the negotiations, bearing in mind the importance of Macedonian-Greek relations for peace and stability in the Balkans.

The Republic of Macedonia welcomed and supported these initiatives, believing that they could contribute to a more objective stance on the mutual disagreements and to breaking the deadlock through appropriate mutual compromises. Unfortunately, Greece went on with its dictatorial policy of preconditions, refusing to express its views on the whole package of Macedonian- Greek relations and to support a lasting normalization. The mediators were accepted and used by Greece only as tools for applying pressure against Macedonia, to make it agree to concessions in exchange for Greek "generosity" in lifting the blockade and permitting it the possibility of admission to the CSCE and to other European bodies. In other words: Greece should be the one to define what Macedonia should or should not be allowed.

Some of the latest mediation activity, to general disappointment, looks as if it accepts and agrees to this Greek blackmail, allowing it to be taken as an act of "good will" in the framework of future negotiations.

In this way, it has become clear that there is an intention to put Macedonia in a subordinate position and to make it agree to make unilateral concessions in the interests of some newly constructed Balkan needs of the super powers. They are forgetting that this kind of political dilettantism, ignorance, or intentional refusal to understand the essence of the Macedonian question that once brought Europe to the great misunderstandings and grave consequences that it refuses to admit even today. The behavior of the United States in all this is also very ambiguous. It seems that it has been indecisive for a long time now, and that the Clinton administration has been overly cautious and in this dispute, although it once looked as if it were in favor of a just solution.

With the understanding and support that Washington has demonstrated toward our country and toward the policy of President Gligorov so far, with all the financial and military assistance that it provides for safeguarding Macedonia's stability and independence, we cannot help asking the following questions: Does the United States really want Macedonia to assume its rightful place in the Balkans? Are the Americans sincere in their intention to solve the dispute with Greece in a principled and dignified way for both sides? And why, in spite of all the demonstrated friendship, is the United States still avoiding the establishment of diplomatic relations with Macedonia and the nomination of an ambassador?

If what President Clinton has emphasized so often in his written messages to Gligorov is true, we cannot find any serious reason for not accomplishing it, regardless of whether Athens or anybody else in the Balkans might feel let down or betrayed.

Foreign Minister Views Ties With Yugoslavia

LD2612191094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1838 GMT 26 Dec 94

[FBIS Translated Text] Skopje, 26 Dec (TANJUG)—Stevo Crvenkovski, foreign minister of The Former Yugoslav Republic of Macedonia [FYROM], said in Skopje today that there are no major obstacles to a possible restoration of diplomatic relations between his country and Yugoslavia.

"I do believe that there are no major obstacles to mutual recognition and restoring diplomatic relations between the two countries," Crvenkovski said in an interview on state radio this afternoon.

For the time being, though, it is not possible to establish regular economic links as this is beyond FYROM's power due to the economic sanctions against Yugoslavia, the minister said.

He denied that Serbs in FYROM enjoy lesser rights than members of other ethnic communities.

Crvenkovski also claims that "Macedonia is a civil state with very clear constitutional norms and there are no differences in the status and rights of its citizens, regardless of their ethnic orgins."

In the course of "A Window to the World," a popular radio program, Crvenkovski expressed opposition to closer south Balkans cooperation between Belgrade and Athens, which Serbian President Slobodan Milosevic spoke about when he visited Greece last week.

"As for some ideas about some kind of confederations, new unions and groupings in the Balkans ... they are

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directly at odds with the fundamental principles of our foreign policies," Crvenkovski stressed.

These principles, he noted, include a policy of equidistance with all neighbors and the direct inclusion of FYROM and the entire Balkans in European integration.

Daily Sees Unification of Albanian Parties

AU2312195694 Skopje NOVA MAKEDONIJA in Macedonian 20 Dec 94 p 4

[Commentary by Panta Djambazovski: "The 'Educational' Differences Have Been Overcome—the Political Differences Remain"]

[FBIS Translated Text] The announced opening of the so-called Albanian university in Tetovo took place in the early morning hours on Saturday at the offices of the PDP [Party for Democratic Prosperity], according to what the initiators of this idea have reported. The police, on the other hand, have other information—that the foundation took place a day before, at 1800. Perhaps herein lies the explanation for this morning's front-page exclusive report in the Albanian daily newspaper FLAKA ET VELLAZERIMIT that stated that all the Albanian parties in Macedonia [The Former Yugoslav Republic of Macedonia] had signed the foundation charter.

The fact that this event took place at the headquarters of the largest party of Albanians in Macedonia, the PDP, and was attended by representatives of the PDP radical wing—or the "patriots" as the followers of Arben Djaferi and Menduh Taci call themselves—led us to the think that there has been a unification, that is a reconciliation among the political parties. The president of the "patriots," Arben Djaferi, said so at a news conference that was organized in their headquarters. On the other hand, the PDP headquarters remained closed to journalists, with the excuse that the "party does not intend to advertise itself and participate in a street parade."

Equal Assessments

By doing this, the PDP disassociated itself from the whole affair and, in other words, it expressed reserves regarding the political unification. However, Arben Djaferi gave perhaps a multifold assessment by saying that a unification happened, that there was only one program, and that there were perhaps only personal differences. It is interesting that the assessment of Police Minister Ljubomir Frckovski was very similar regarding the proclamation of the so-called university. As he stated, "the initiative was bereft of an educational dimension. It was nothing but a political action... a part of the attempt to integrate the Albanian political parties in Macedonia..." in order to create a movement or a so-called democratic community of the Albanians in Macedonia." Arben Djaferi had a similar opinion: "The initiative leads us to a unification that must result in the formation of a coordinating board... by creating a clear position and a platform."

Time will show whether the political parties of the Albanians will unite into a common body and with a common platform, however, it is sure that they all came together regarding the opening of the Albanian university in Tetovo. Something unimaginable happened for all of them: A document was signed by both PDP President Abdurahman Aliti and Arben Djaferi, the president of the PDP faction—and these two are the representatives of the two irreconcilable sides that have fought a war for priority among the Albanians for a year and a half.

The former PDP president, Nevzat Halili, and the deputy president of the "patriots," Menduh Taci, also shook hands. We would like to remind you that the division within the PDP was started by a group headed by the young leader (Menduh Taci) who criticized Nevzat Halili, which was followed by mutual insulting speeches and replies. Later, Djaferi joined Taci's group upon his return from Kosovo (where he headed the Social Democratic Party of Kosovo) to his birthplace, Tetovo.

The problem of the university is a crucial educational problem, and the way it was presented left no room among the Albanian political factions and ordinary Albanians for any difference of opinion. Everybody was simply presented with a fait accomplit—to vote for or against. Nobody could, or nobody dared, vote against it—otherwise he would have been blamed by his own people. The undoubted homogenization that took place over the last month or two was probably aided by the indecisiveness of the government, which never explained its stance—that is, it never responded to the initiative as long as the elections and the "celebration" were so close together.

Who Promised the 'University'

Unlike the other Albanian political parties and groups, the PDP was restrained in its oratory, although it gave the maximum support at the right moment—it offered its offices (and thus tied the hands of the police, who are not permitted to "enter the offices of political parties.") After the initial acknowledgement of the initiative (4 June of this year), the PDP has remained quiet, and it remained that way until the last day when, contrary to the euphoria, the PDP leader expressed, more or less, that this is not the time to rejoice, because the real job is ahead of us.

Unlike the PDP, the NDP [People's Democratic Party] and the ADS-LP [Albanian Democratic Union-Liberal Party], that is the "patriots," have, from the very beginning, presented a clear stance—not only in the sense of support, but also in the sense of having initiated the question of the Albanian-language university. Let us not forget that the PDP wing lead by Djaferi and Taci was not just engaged verbally in the repeated opening of the pedagogic academy, but also promised its electorate body a so-called university in its election campaign. Afterwards, they not only supported the initiative, but

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also offered the instigators the assistance of their party, although Djaferi told journalists that the "party engagement was meant only to help the journalists," and that "linking the initiators to the party would be detrimental."

Although differences among the political parties have undoubtedly been overcome in the sphere of education, a unification cannot be taken as definite, because it is a process that cannot be accomplished overnight. The position of the "patriots" that are in parliament as the opposition remains comfortable, at the expense of the PDP that participates in the new government, and it has the opportunity of building its own political support on the confused pluralist scene of the Albanians in Macedonia. As for the PDP, its position is additionally complicated—as a participant in the government as well as a co-signer of the foundation act of the Albanian university, the party has undertaken an enormous responsibility. Consciously or not, the PDP has decided to win or lose all. The epilogue would be: It will either remain as the dominant Albanian political force or it will cede its place to the "Tacists" who are waiting in the "shadows."

These coincidencies give space to speculations saying that it is a strategy from the outside. A number of the initiators, as well as the "rector" Fadil Sulejmani, and the leader of the "patriots" Arben Djaferi, after their recent arrival from Pristina, have started their political engagement in Macedonia. They often join meetings of Albanian intellectuals in the Balkans. The division within the PDP, as well as the positions of the "Tacists" were then supported, let us not say inspired, by the Republic of Albania, during the last and also during this year, first of all by the Albanian ruling party, the Democratic Party of Albania. Their support went as far as to making up a list of "traitors," mainly from the ranks of the PDP that decisively opposed the foreign "engagement," and president Aliti and coordinator Muhamed Halili were dominant in this opposition.

Global Strategy

Perhaps the whole idea of a "unification" is alimented by the international community policy concerning the status of the Bosnian Serbs and "their" territory that, according to some information at meetings of intellectuals—Albanians—leads to some contemplations about a "logical" idea (if possible) for all Albanians to be in one state. Perhaps the police disposes of additional information, because Minister Frckovski [Macedonian Minister of the Interior] says that it is not a matter of education, but an attempt to integrate the Albanian political parties in Macedonia, with the goal of using all this to achieve a solution to the Albanian question in the region. The second dilemma is the speed with which the initiators and the Albanian politicians moved: They "lacked the time" to push for the initiative (as they have always emphasized, it has also been the case with all other questions) through debate in the institutions of the system; that is, to let it be pushed for by the newly elected Albanian members of parliament and ministers. Is this just further proof?

However, whether it (the university) really was a "naive lie" and a "stillborn child," will be seen from the future actions and behavior of the authorities, as well as of the Albanian political factors in Macedonia, and we certainly should not underestimate the future engagement of the political forces of Albania and Kosovo in all of this. Until then, we can only conclude that the processes of parallelism and national ghettoization are being intensified in the Republic of Macedonia.

Group of Kosovo Albanian 'Activists' Deported

LD2612162194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1445 GMT 26 Dec 94

[FBIS Translated Text] Pristina, 26 Dec (TANJUG)—The Ministry of Internal Affairs of Serbia in Pristina today confirmed to TANJUG that last Friday, 23 December, 18 Albanians, mostly deputies to the illegal assembly of the self-styled "republic of Kosovo", had been deported from The Former Yugoslav Republic of Macedonia [FYROM]. The deportation of this group of Albanians was carried out at the insistence of the Macedonian side rather than that of the Yugoslav authorities.

This group of Albanians was handed over to members of the Ministry of Internal Affairs on the Yugoslav-Macedonian border. Following a regular check of their documents they were released.

Iljaz Ramailji, president of the self-styled "parliament of Kosovo," is not among those who were deported, although the Albanian-language newspaper BUJKU claims that he was deported from FYROM. Ramailji fled abroad following the illegal proclamation of "the assembly of the republic of Kosovo" in Kacanik. He has been under an arrest warant since.

The newspaper also carries a telegram sent by the secessionist leader, Ibrahim Rugova, to FYROM president, Kiro Gligorov. In it Rugova demands that the detainees be released. In a special editorial commentary, BUJKU refers to this act as "an unexpected political scandal and Macedonia's farce" which will further complicate Albanian-Macedonian relations in the wake of a ban on setting up an Albanian-language university in Tetovo.

Report of Deportation, Arrests

AU2712115994 Pristina KOSOVA DAILY REPORT in English No 516 26 Dec 94

[FBIS Transcribed Text] The Prishtina-based BUJKU newspaper reports today that the authorities of the Former Yugoslav Republic of Macedonia (FYROM) arrested last Saturday [24 December] in Skopje as many as 29 members of the former Kosova Parliament, who were compelled to flee Kosova after the proclamation of

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the Constitution of the Republic of Kosova on 7 September 1990 in Kaanik, and had settled in FYROM.

It has been reported that late on Saturday at least eighteen outgoing Kosova MPs were deported and handed over to the Serbian police. The following MP's have been reported deported at noon on Saturday at the FYROM-Serbian border crossing point near Presheva: Dr. Shaban Hashani, Ali Shahini, Muhamet Shabani, Basri Bajrami, Refik Raka, Naser Sadiku, Sabri Hashani, Gafurr Kiseri, Qazim Kelmendi, Ms Kadrie Gashi, Xhevat Pllana, Isak Restelica, Avdi Grajqevci, Ms Selvije Gjinaj, Imer Gashi, Nazif Berisha, Naser Gashi, Maxhun Shala.

They have been held in Serb police/security custody till Sunday evening, when they were released. Some of them have been told to report back to the Serbian police today (Monday), whereas the others ordered not to leave their homes.

Ilaz Ramajli, chairman of the outgoing legislature of the Kosova Assembly, had been likewise arrested by the FYROM police. Numan Limani, Mr. Ramajli's defending lawyer, told KIC [the Kosova Information Center] he was released today noon. BUJKU quoted today BBC-Albanian Section to have reported that the RILINDJA/BUJKU correspondents in Shkup/Skopje, Ramush Tahiri and Bedri Sadiku, had been arrested by FYROM military secret police, and that their fate and whereabouts remained unknown. A defending lawyer said Ramush Tahiri and Bedri Sadiku were released today, sources of the Tetova- based Party for Democratic Prosperity said. President of the Republic of Kosova Dr. Ibrahim Rugova, sent yesterday a letter to FYROM President Kiro Gligorov, in which he states that his government had been "duly notified that, following the forceful abrogation of the Kosova Assembly, these members of the Assembly were forced to flee Kosova and temporarily settle abroad, including Macedonia." President Rugova urged Mr. Gligorov to "undertake all necessary moves to release those arrested as soon as possible and ensure their continued residence in Macedonia." Dr. Rugova underscores that their release would be a proof that FYROM Government stands for cooperation and "pursues a policy of good neighborly relations with Kosova and the Albanians." The Kosova government said in a written statement yesterday that it was "extremely worrying that this action of Skopje authorities coincides with recent brutal actions of the Belgrade regime against the population of Kosova."

The Prishtina-based BUJKU carries today a leading article concerning the reports about the FYROM crack down on Kosova MPs and journalists. The writer, Rrustem Rugova, says Macedonian-Albanian relations had been on the promotion trend following the decomposition of the former Yugoslavia. Such a trend had been noted in the Kosova-Macedonia relations, too, he states. The BUJKU writer notes that the recent moves of the FYROM authorities—the crack down on the University of Tetova which inaugurated on 17 December, and the arrest of Kosova MPs and the RILINDJA journalists—are 'scandalous and with a clear political background.' These moves are seen by BUJKU as a clear indication that FYROM does not want to see further promotion of rapprochement of Macedonia and the Albanians (i.e. Albania and Kosova) and "advancement of the national and civic rights" of the large Albanian community in FYROM. "Everything is possible in this political ploy"—BUJKU writer says, surmising on the possible motives for the FYROM crack down on the Albanians—"but the worst thing of all for the Albanian-Macedonian relations would be if it turned out to be that the arrests (of the Kosova MPs and journalists, KIC) had been carried out in collusion with/at the order of Belgrade, or the nationalist-chauvinist Macedonian circles." If this turns to be the case, the "process of the consolidation of the state of Macedonia and its international affirmation will face new insurmountable obstacles", the BUJKU leading article concludes, adding that this is not what the Albanians in the Balkans want to see.

Deportation at Presheve Border

AU2712102194 Tirana TVSH Television Network in Albanian 1900 GMT 26 Dec 94

[FBIS Translated Text] It is reported that the Macedonian [The Former Yugoslav Republic of Macedonia] authorities have deported 17 Albanian delegates and one citizen of Kosova at the Presheve border crossing. They had all been interrogated by the Serbian police in Kosova.

The Serbian inspectors showed interest in knowing what activity they have been carrying out during the past four years and who has financed their stay outside Kosova. It is reported that some delegates were ordered to go to the police station again and not leave their houses.

Sources from Skopje report that at noon today, Iljaz Ramajli, chairman of the previous legislature of the Kosova Assembly, was released from detention. Two RILINDJA reporters, Ramush Tahiri and Bedri Sadiku, were also released.

These reports have been confirmed by attorney Numan Limani, who was engaged to defend the aforementioned reporters and Mr. Ramajli.

Authorities Deny Arrests

LD2612145094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1316 GMT 26 Dec 94

[FBIS Translated Text] Skopje, 26 Dec (TANJUG)—The Macedonian authorities have denied reports released by Tirana about the arrest of several Albanians from Kosovo in The Former Yugoslav Republic of Macedonia [FYROM], including the leader of the separatist movement of the Albanian minority in this Serbian province.

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According to today's newspapers in Skopje, the Ministry of Internal Affairs in Skopje has denied these reports by Albanian state radio and described them as "the propagation of untrue reports."

Tirana radio reported two days ago that "several deputies to the Kosovo assembly have been arrested in FYROM" and that they had participated in the adoption of "the constitution" of the so-called republic of Kosovo." Two correspondents of RILINDIJA of Pristina were also mentioned, as well as the name of Iljaz Rajmlij, "the president of the old composition of the Kosovo parliament."

The state radio linked these alleged arrests to "police measures aimed at representatives of the parties from Kosovo that support the recent opening of an Albanian-language university in the Macedonian town of Tetovo."

A week ago, Macedonian police carried out "informative conversations" with some members of the self-styled University Initiative Committee, including Fadil Sulejmani, its chairman and an ex-professor from Kosovo.

Albanian political leaders from FYROM maintain close links with their separatist counterparts in Kosovo, whereas members of the more radical factions receive support from official Tirana.

Skopje has recently warned Albania against interfering in Macedonia's internal affairs.

Council Sets Up Albanian-Language University

AU2712094394 Skopje NOVA MAKEDONIJA in Macedonian 20 Dec 94 p 4

["A.D."-attributed report: "An Activity Based on the Current Educational System"]

[FBIS Translated Text] "The Council for the Foundation of the University in Albanian in the Republic of Macedonia [The Former Yugoslav Republic of Macedonia]" located in Tetovo is continuing its activities. We have learned that Council President Fadil Sulejmani has already visited some of the editorial offices of the Albanian-language media with documents on the enrollment of university students. The decision on the university, which was signed on 17 (or 16) December in Tetovo, states that the "name of the university is the University of Tetovo" and that its address is still 68 Gjorce Petrov Street (offices that had been sealed by the police). The council has said that they do not intend to break the seal until they receive police permission.

The council explained that the decision to found the university was a result of the "indolent behavior of the Republic of Macedonia Government regarding the request for the founding of a university in Albanian," emphasizing that the elementary board for the formation of a pedagogy faculty in Albanian developed into an initiative to establish a university. The decision also states that the signatories are "representatives of the communal assemblies of Tetovo, Gostivar, Debar, Kumanovo, Kicevo, and Struga, as well as the Party for Democratic Prosperity, the People's Democratic Party, the Albanian Democratic Union-Liberal Party, the Party for Democratic Action-Islamic Road, the PDP-Party for National Unity, the Alliance of Albanian Women in Macedonia, deputies of the Assembly of the Republic of Macedonia, the Council for the Foundation of the University, and other associations that are registered in the Republic of Macedonia. They all make up the Assembly for the Foundation of the University in Albanian in Macedonia."

Article Six of the decision states that the "University of Tetovo will be composed of philology, philosophy, natural sciences, law, economy, and arts faculties."

It is also interesting to note that the council has decided that the "University of Tetovo will coordinate its activities on the legal and educational system of the Republic of Macedonia" and that the "faculties' curriculum have been adapted to those of other universities in the Republic of Macedonia."

As long as there is no agreement on financing the university "from the Republic of Macedonia's budget, the means for university activities will be provided by donors." The university will be accepting applications for the 1994/1995 school year today.

We have also learned that Hysen Ramadani, Ismet Ramadani, Abdurrahman Aliti, Arben Xhaferi, Rufi Osmani, Zeqir Kadriu, and Sami Ibraimi, as well as Former Ministers Ilijaz Sabriu and Xhevdet Hajredini, participated in the signing ceremony. Of the proposed new ministers from the Party for Democratic Prosperity—that is, Muhamed Halili, Estref Aliu, and Beqir Zuta—only Sabriu attended the ceremony.

The news that Beqir Iseni, former deputy chief of the Tetovo police, has resigned has been officially confirmed. It is said that Iseni was opposed to barring some of the policemen that have been known to be "ferocious" in their activities.

Police Confiscate Documents

AU2712110294 Tirana TVSH Television Network in Albanian 1900 GMT 26 Dec 94

[FBIS Translated Text] Macedonian [The Former Yugoslav Republic of Macedonia, FYROM] police carried out a new intervention into the offices of the Albanian University of Tetove.

At about 1330 today, the Macedonian police interrupted the work of the commission for endorsing the documents of the candidates to be enrolled in the first academic year at the University of Tetove. There are reports that the documents of 114 students have been confiscated and the doors of the office of the humanitarian association (?Elhillal), where the aforementioned commission was working, have been blocked.

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The police have ordered that any kind of activity of the University of Tetove be stopped. The continuation of interventions by the Serbian police into the building of the Tetove University clearly testifies that the FYROM Government is seeking by all available means to prevent the work of this university of Albanians in their ethnic territory.

Democratic Party Reelects Gosev as Party Leader

AU2612175794 Skopje MIC in English 26 Dec 94

[FBIS Transcribed Text] Petar Gosev was reelected president of the Democratic Party at its congress on Saturday [24 December]. A new 35-member Central Committee, a Supervisory Committee, and a Court of Honor were also elected, in addition to some changes to the party statute. In the voting, Gosev won the support of 375 out of 390 voters, whereby 15 ballots were invalid.

In his introductory speech Gosev, noted that in the past 18 months of existence the Democratic Party has generated a membership of 18,000 citizens. He also pointed out the party's shortcomings: bad coordination between the central and municipal leaderships, the absence of direct communication with the voters, problems with the financing.

However, Gosev explained the failure to win seats in the Parliament with the "organized state fraud of the elections," as well as the "dirty media war."

Otherwise, it is stated in the congressional documents that the Democratic Party will not take part in the local elections unless new and precise legal provisions are adopted.

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Slovene Negotiator Views SFRY Succession Talks

AU2412170694 Ljubljana DNEVNIK in Slovene 13 Dec 94 p 3

[Report by Andrej Brstovsek: "Epilogue to the Yugoslav Heritage in the United Nations"]

[FBIS Translated Excerpt] Ljubljana, 13 Dec—"The debate about the division of the SFRY's [Socialist Federal Republic of Yugoslavia's] assets again became deadlocked during the May talks." This is what we wrote almost half a year ago about the talks on the succession of the former federation. The representatives of the negotiating groups of the five successor states (Slovenia, Croatia, Bosnia-Herzegovina, Macedonia [The Former Yugoslav Republic of Macedonia], and the FRY [Federal Republic of Yugoslavia]) met again recently in Geneva in order to make a step forward. However, the breaks have not yet been eased for the time being.

After the recent negotiations, the Serbian media launched the news that the Serbo-Montenegrin side "has finally accomplished the inclusion of its document in the debate about the division of SFRY's assets and debts," as POLITIKA wrote and as the head of the Serbian delegation, Kosta Mihajlovic, proclaimed publicly upon his return from Geneva. How does the Slovene side see the negotiations and does this mean yielding to the FRY views? Dr. Miran Mejak, head of the Slovene delegation in the succession talks, replies that "the Serbian proposal was not accepted as an alternative to the proposals of other states. It is only that the chairman of the succession commission, by the nature of his work, cannot refuse if one of the delegations proposes something for the agenda. It would be extremely rude and his impartiality would have been questioned if he had acted any differently. One must simply acknowledge all six delegations. The Serbs claim otherwise, namely, that the proposal was accepted. They like to misrepresent things."

What Is Actually the Subject of the Division of Assets

Thus, the differences between the Serbo-Montenegrin delegation and the remaining successor states, which have dragged on from the onset of negotiations remain. At the very beginning, these differences created the need for international arbitration on who is the successor of the SFRY. The so-called Badinter Commission (named after its head, Robert Badinter) concluded that the all the states that emerged from the SFRY are successors. The FRY is, thus, not the sole legal successor, as official Belgrade claims. Further differences emerged when the question was raised as to what was actually subject to the division. The FRY's position is that this is everything that was financed from the federal budget after 1945. Among other things, this means roads, factories, the railroad....

Other states advocate the position that the subject of the division is everything that the 1974 Constitution did not divide among the republics. Dr. Mejak says regarding this that "the delegation of Serbia and Montenegro has worked in a very clear direction over the past year, aimed at the acknowledgement of the SFRY's continuity, while other republics would only get what would be their due as seceded states. This is contrary to the opinion of Badinter's arbitration, which among other things also had to pass an opinion on whether Yugoslavia had disintegrated or not. The gentlemen in Belgrade, too, agreed that the Badinter Commission should decide about it. This commission consisted of the most reputable experts, and Badinter himself is the president of the French Constitutional Court. The arbitration ruled that Yugoslavia disintegrated. All further work was based on this. In the monetary sphere, for example, the IMF and the World Bank divided quotas among the successor states on the principle of the decision of the Badinter Commission.

A quick resolution of controversial issues, that is, the completion of the negotiations is, of course, in Slovenia's interests. If the international community were to abolish other sanctions against the FRY, they would be able to seize what used to be common funds in the past, for example the currency reserves of the National Bank of Yugoslavia. We could expound further on the idea that time is money.

Who Should Assume Obligations From Old Debts

The proposed succession agreement that is being drafted by the international experts speaks, in its second part, about financial obligations, however, things are not moving from the deadlock because swords were crossed on the issue of who should assume the responsibility for old debts. It is clear that debts taken by the state, that is, the federation, also form a part of the succession. The Badinter Commission believes that the debts of the commercial banks do not fall under succession, and thus each country can negotiate them separately in the way Slovenia is currently negotiating with a group of commercial banks. Serbia, however, insists that only the National Bank of Yugoslavia can negotiate with the group in the name of all of us. A different stance would be contrary to its claim that it is the sole successor of the SFRY. Agreeing to the Serbian stance would mean that Belgrade would keep other states in check for many years to come. If Belgrade were to be the only one to negotiate with the group, it would try to secure another postponement of the repayment of debts, which might drag beyond the year 2000. In this way, we would all be under the patronage of the National Bank of Yugoslavia, which would be authorized to approve individual issues. Here, they would most certainly try to press on Slovenia, which has already recovered, in terms of foreign currency reserves. In this way, our burden of repayment of debts would be greater," Dr. Mejak says and adds that this, naturally, does not suit our side and "For this reason, we favor that the negotiations that are under way with the bank consortium in New York should end as soon as possible, even if the results might seem unfavorable at first glance. We must not wait for the gentlemen from

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Belgrade to win the collective negotiations, which might happen if an agreement is not reached before the deadline until when the debtors are still willing to negotiate with each country separately." We are also in a hurry because the FRY, as Dr. Mejak says, enjoys support in some international circles and because the position of Belgrade has strengthened due to their support for the peace plan for Bosnia-Herzegovina.

Agreement Will Be Enforced by UN Security Council

Because of misunderstandings that have been dragging on since the beginning of the negotiations, the international experts of the International Conference on Yugoslavia are dealing with the problem. "The proposed agreement will be based on compromise. The first part is already prepared and is based on a premise that Yugoslavia has disintegrated. It speaks of citizenships, pensions, archives, and is composed in such a way that it is acceptable to us. Regarding the second part about the percentage of heritage that each country would get, further negotiations will be required. We believe that these percentages must be the same as those set by the IMF and the World Bank. The proposal would then be discussed by the countries, the London Conference on Yugoslavia, and the UN Security Council, which would legalize it. After that, ther would be an obligation for all to adhere to it, that is, one could appeal to it. This would be the beginning of an end to the negotiations on succession," Dr. Mejak says and adds: "However, the ruling is the most important thing for us. Lawyers can deal with collection of debts later." [passage omitted]

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Federal

President Lilic Receives British Politicians

LD2312215494 Belgrade TANJUG in English 1939 GMT 23 Dec 94

["Pool" item]

[FBIS Transcribed Text] Belgrade, Dec. 23 (TANJUG)—Yugoslav President Zoran Lilic and a delegation of British parliamentarians on Friday expressed satisfaction that the peace process had picked up.

A statement released by the presidential office said Lilic and the British [word indistinct] had agreed that Yugoslavia's role in the peace process was irreplaceable.

The statement said the two sides had assessed that the mission of Former United States President Jimmy Carter had made an important contribution to stepping up a cessation of hostilities in Bosnia and inaugurating peace talks on the basis of the international "Contact Group" plan.

The British parliamentary delegation, headed by Chairman of the all party British-Yugoslav parliamentary group Robert Waring, arrived in Belgrade on Tuesday.

The official statement said Lilic had set out "Britain's constructive position and increasingly active role as a contact group member in the quest of a peaceful solution, primarily to the crisis in Bosnia-Herzegovina."

Lilic said Yugoslavia attached great importance to regular contacts with foreign officials, because they enabled the world to get acquainted with the actual situation and learn the whole truth about Yugoslavia and the developments on the territory of the former Yugoslavia.

The statement said Lilic had set out that Yugoslavia and the Serb people had from the very outbreak of the crisis been subjected to an unprecedented propaganda war.

The statement said Lilic had thanked the British parliamentarians for trying to have the truth about Yugoslavia's peaceful policy better understood in the British Parliament and public.

The Yugoslav president thanked Great Britain for humanitarian aid and its contribution to the United Nations peacekeeping mission in the former Yugoslavia.

The official statement said Waring had set out that historical ties between Yugoslavia and Great Britain forged during the two World Wars were so strong that nothing could undermine them.

The British parliamentarians informed Lilic about their activities during the several-day visit to Yugoslavia, especially those which would enable a quick renewal of bilateral economic ties once the sanctions against Yugoslavia were lifted.

The British parliamentary delegation on Friday met also with Chairman of the Yugoslav Parliament's lower house Radoman Bozovic.

An official statement said Bozovic had set out that Yugoslavia was doing its best for a peaceful resolution of the civil war in Bosnia-Herzegovina on the basis of respect for the equal rights of the three constituent peoples—Muslims, Serbs and Croats.

Bozovic said that was why Yugoslavia had lent support to the international "Contact Group" plan as a basis for peace in Bosnia-Herzegovina.

The statement quoted Bozovic as saying, "however, the whole international community must engage itself to this end and put equal pressure on all three warring sides to suspend military operations and turn the four-month cease-fire agreed during the visit of Former U.S. President Jimmy Carter into lasting peace."

Bozovic said it was necessary to intensify the process of the lifting of the sanctions against Yugoslavia and to open a process of Yugoslavia's reintegration into the international community and international institutions.

The statement said British parliamentarian Waring had said that the four-month cease-fire in Bosnia-Herzegovina should be used for a forceful diplomatic action to reach comprehensive and stable peace.

It said Waring had set out that the three warring sides should be brought to the negotiating table and talks resumed, including on the possibility of an exchange of territories.

The statement said Waring had described Carter's visit as extremely important because it would provide for the U.S. Administration and public a more balanced picture of the conflict in Bosnia and consequently effect possible changes in the U.S. policy.

Jovanovic on SFRY Disintegration, U.S. Attitude

LD2312213094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1304 GMT 23 Dec 94

[FBIS Translated Text] Belgrade, 23 Dec (TANJUG)—Yugoslavia was attacked—both from outside and from within—because its internationally recognized borders were attacked, Yugoslav Foreign Minister Vladislav Jovanovic said in an interview in the latest INTERVJU, giving a very comprehensive analysis of the genesis of the Yugoslav crisis right from the disintegration of the former SFRY [Socialist Federal Republic of Yugoslavia] to the civil war in Bosnia.

I do not think we should have allowed any one part of our country to secede under pressure from rebels and their foreign instigators. Every attempt at rebellion and secession should have been quickly and efficiently nipped in the bud. The world expected us to do so, but at that time our federal leadership was not effective

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enough—it was quisling. America told us very openly then that we should get it over with quickly with as little bloodshed as possible.

However, what has happened has happened. A conference started in The Hague, which had the ambition of solving the Yugoslav crisis quickly.

The European Union offered us this conference as its good offices, aimed at helping the warring Yugoslav republics to find a common language, to save Yugoslavia, not to dissolve it. At least they told us so at that time. But it soon became very clear that it was a sort of swindle or deceit. Obviously, the objective was to dismantle Yugoslavia fully as a continuous state, to reduce it to ashes.

About relations between Yugoslavia and Croatia, Jovanovic said: Croatia demands to be recognized within its AVNOJ [Antifascist Council of the National Liberation of Yugoslavia] borders immediately, while it would in return support the lifting of the sanctions against Yugoslavia. After that we can normalize our relations, establish diplomatic relations, and have mutual benefit from it. In other words, it demands from us—the co-signatories of the Vance agreement—to violate that agreement, which expressly says that the UN protection over this area is of a temporary nature and that it does not prejudice the final political solution that will be arrived at in negotiations between Knin and Zagreb.

Explaining the background of the Bosnian conflict, Jovanovic said: The outbreak of the war in Bosnia surprised America, even though it should not have. We used to tell them not to play with fire, but it is already very clear that the then American Embassy in Belgrade was very biased in its reports to its government, trying to convince them that a policy of fait accompli would cut many knots. After that, the remainder of Yugoslavia would be rendered much more helpless and things would soon slot into place. It is certain that some European representatives, primarily Germany and some other countries, seconded this. So, the reserved American policy became a victim of this biased attitude.

Jovanovic also disclosed unknown details on secret talks conducted aboard the British aircraft carrier, Invincible: In effect, in these talks what had already been agreed was being rounded off. An official agreement on the percentages of the division of territory was reached. Practically everything was agreed. It was there, not in Geneva, that Izetbegovic offered Karadzic a declaration granting the right to the Bosnian Serbs to leave the Bosnian union by paying a ransom. He did not say how much money he wanted, but said that it should be determined by a percentage, as if Bosnia was his, and if you wish to become free people, you have to pay for your freedom and you can go. He behaved like a Turkish pasha.

Official Notes Changing Views on Yugoslav Crisis

LD2312215594 Belgrade TANJUG in English 2042 GMT 23 Dec 94

[FBIS Transcribed Text] Nis, Dec 23 (TANJUG)—Socialist Party of Serbia spokesman Ivica Dacic on Friday said the international community was changing its one-sided stands regarding the crisis in the former Yugoslavia. Dacic said that the lenghty interview of Serbian President Slobodan Milosevic with the CNN television was proof of this.

Radio Nis, based in the southeastern Serbian city of Nis, quoted Dacic as saying that the interview showed that the world saw President Milosevic as a political figure with a prominent role in achieving peace in the territory of the former Yugoslavia. Dacic, who is also a deputy in the Yugoslav Parliament, said that 'Milosevic's interview was a response to the fierce biased media campaign, which represented the Serbs as the sole culprits and aggressors in the former Yugoslavia.'

'It appears that the international community has finally realized that a solution to the Yugoslav crisis is impossible without an equal approach to all sides in the Bosnia-Herzegovina conflict,' Dacic said. He said the Socialist Party of Serbia believed this was a result of President Milosevic's consistent policy of peace.

'We hope that if the international community adheres to its current unbiased approach toward resolving the crisis, the (United Nations) sanctions (against Yugoslavia) might be completely lifted, because there is no valid reason for keeping them in place,' he said.

Dacic said he was confident if there were elections at present, the Socialist Party would win.

'At the moment, however, there is no need for calling new elections, which some political parties have called for,' Dacic said, explaining that there were far more important issues at the moment than the one who would execute political power. He said a possible election campaign would hamper two crucial isues—the closing of the peace process and the implementation of the country's economic recovery program.

Government Announces Embassy To Open in Armenia

LD2312185794 Belgrade TANJUG in English 1556 GMT 23 Dec 94

[FBIS Transcribed Text] Belgrade, Dec 23 (TANJUG)—The Yugoslav government on Friday decided to open an embassy in the Armenian capital of Yerevan, an official statement said.

The statement said the government had at the same time approved the opening of the Armenian Embassy in Belgrade.

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Government Appoints Acting Director of Newspaper

LD2312201694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1827 GMT 23 Dec 94

[FBIS Translated Excerpt] Belgrade, 23 Dec (TANJUG)—The federal government passed a decision at today's session—chaired by Deputy Prime Minister Jovan Zebic—to appoint Federal Information Secretary Dragutin Brcin acting director of the BORBA newspaper publishing company, the Federal Secretariat for Information reported.

The appointment was carried out in accordance with the decision to restore the government's rights as founders over the public media—including BORBA—which the Federal Assembly adopted in May 1990. [passage omitted]

Federal Assembly Chamber Endorses Draft Budget

LD2312202694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1743 GMT 23 Dec 94

[FBIS Translated Text] Belgrade, 23 Dec (TANJUG)—Following two days of debate, the Federal Assembly's Chamber of Citizens tonight adopted the government's draft budget for 1995 to the tune of 2.128 billion dinars.

The draft budget received support from 86 deputies; 14 deputies voted against, while 6 abstained.

The largest amount in the budget—76.2 percent—is earmarked for the Yugoslav Army. The rest is to be channeled to federal organs and organizations, pension funds, material expenses, and special purposes.

The budget was adopted by the Chamber of Republics yesterday.

Yugoslav Airlines To Resume International Flights

LD2612150994 Belgrade TANJUG in English 1502 GMT 26 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 26 (TANJUG)—The Yugoslav Airlines (JAT) Tuesday resumes its regular Belgrade-Rome flight, and on Jan. 7, 1995 to Rome, JAT General Director Zika Petrovic said on Monday.

Petrovic said JAT would also resume flights to Vienna at the start of next year, and to Turkey as soon as Bulgaria agrees to allow JAT to use corridors over its territory. JAT also plans to fly to Copenhagen, Stockholm, Geteborg, Petrovic said. Petrovic said JAT was considering the resumption of intercontinental flights to Canada, the United States, South Africa, China and Australia.

JAT's program included the majority of these destinations before the United Nations Security Council imposed sanctions against Yugoslavia in May 1992, banning all international air traffic. In Oct. 5 1994, the Security Council suspended for 100 days sanctions in the sphere of air traffic, sports and culture.

Serbia

President Milosevic Holds Talks With Owen

LD2312153594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1446 GMT 23 Dec 94

[FBIS Translated Text] Belgrade, 23 Dec (TANJUG)—President of Serbia Slobodan Milosevic has received Lord David Owen, cochairman of the conference on the Former Yugoslavia. He arrived in Belgrade today, the office of the president of republic reports.

"The talks covered matters relating to the political resolution of the crisis in the area of Yugoslavia as well as to those issues which are within the competence of the Geneva Conference," the statement says.

Marjanovic: Peace Requires Lifting of Sanctions

LD2512141594 Belgrade TANJUG in English 1358 GMT 25 Dec 94

["Pool" item]

[FBIS Transcribed Text] Belgrade, Dec. 25 (TANJUG)—Serbian Prime Minister Mirko Marjanovic said Sunday only the complete lifting of sanctions against Yugoslavia leads to peace in the former Yugoslavia.

The complete lifting of sanctions is the sole measure which would lead to peace and this is why the international community is not only expected but also urged to make it, Marjanovic told the local radio in the central Serbian town of Kragujevac.

Recalling that the Yugoslav Government asked the Security Council a month and a half ago to completely lift the sanctions, Marjanovic said that a suspension of the sanctions was a positive but not sufficient step.

Under U.N. Resolution 943 of Oct. 5, the sanctions were suspended for the period of 100 days in the field of air traffic, team sports and cultural cooperation. The U.N. Security Council on May 30, 1992, imposed tough sanctions on Yugoslavia for alleged involvement in the civil war in Bosnia-Herzegovina.

The complete lifting of sanctions is necessary because, under some kind of sanctions there are also countries which had maintained ramified and well-developed cooperation with the Yugoslav Federation of Serbia and Montenegro.

Due to the sanctions, Yugoslavia has lost about 45 billion dollars so far, and its neighbors have also suffered great damages. Romania, for example, has lost 8.97 billion dollars, Bulgaria 3.7 billion, Ukraine 2.35 billion, the Former Yugoslav Republic of Macedonia 1.84 billion and Hungary 1.3 billion dollars.

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'Internal matters, such as Kosovo and Metohija, should not be correlated with the sanctions. That would be a direct attack on the peace process and the legality of major decisions and the authority of the world organization,' the Serbian prime minister said.

Political leaders of ethnic Albanians from the southern Serbian Province of Kosovo and Metohija claim that legal authorities threaten the national and human rights of their compatriots and ask the international community to link the lifting of the sanctions to the settlement of the Kosovo question.

Serbia and Yugoslavia emphasize that Kosovo is the internal matter and recall that the ethnic Albanians, as recognized ethnic groups, have all rights guaranteed under international standards and that their rights have not been threatened by anything.

In Kosovo, a strong separatist movement of ethnic Albanians has been active for more than 20 years, with an objective to merge this Serbian province in which they make up the majority population with neighboring Albania. Leaders of ethnic Albanians reject talks with the authorities, boycott elections and official schools and illegally set up their parallel bodies.

Serbia's Milosevic Most Popular Statesman

LD2512184994 Belgrade TANJUG in English 1803 GMT 25 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 25 (TANJUG)—Serbian President Slobodan Milosevic is the domestic politician the Yugoslavs have the highest regard for.

Of the foreign statesmen, the most positive impression was left by former Greek Prime Minister Constantin Mitsotakis. These are the results of a poll of the marketing center of the town of Pancevo, near Belgrade, embracing 837 persons under random sample principle in 21 municipalities throughout the Federal Republic of Yugoslavia.

A total of 29.7 percent of the polled gave their vote to Milosevic. He was followed by opposition Serbian Radical Party Leader Vojislav Seselj (10.5 percent) and Democratic Party Leader Zoran Djindjic (8.9 percent).

Asked which foreign statesman they held in the highest regard, the most frequent reply was 'not one' (14.8 percent). This was followed by Mitsotakis (11.1) and French President Francois Mitterrand (10.6).

The Yugoslavs, judging from this poll, had the least regard for U.S. President Bill Clinton. He heads 'the most unpopular statesman' list with 49.9 percent, followed by German Chacellor Helmut Kohl with 8.3 percent and Croatian President Franjo Tudjman 5.3 percent of the votes.

Power Cuts Protested in Belgrade by Residents

AU2312173894 Belgrade BORBA in Serbo-Croatian 23 Dec 94 pp 1, 25

[Report by M. Mikuljanac: "As of Today Six-Hour Power Cuts for Three Groups"]

[FBIS Translated Excerpt] Belgrade—The Serbian Government last night passed measures for the improvement of the current energy situation, which involve restricted consumption, increased price of electricity, and the use of the so-called block tariff.

The government is justifying the new measures with the need "to protect the electricity energy system from excessive consumption." With the application of these measures the prices of electricity will on average increase by 60 percent and all consumers from the household category will be divided into six groups.

Immediately after the government approval of the new measures, the Elektroprivreda Srbije [Serbian Electricity Industry] last night reacted with a statement for the public, announcing that as of today six-hour power cuts will be implemented simultaneously for three groups of consumers, which practically means that half of Serbia will in turn be in the dark for six hours, or, 12 hours a day altogether.

Belgrade residents dissatisfied with the cuts yesterday erected barricades on the access roads in Miljakovac and Karaburma.

Dissatisfied with the frequent and long restrictions in the supply of electricity, the residents of Miljakovac and Kanarevo Brdo, between 500 and 1,000 of them, yesterday afternoon blocked traffic on the central crossroads of these suburban settlements, between Borska and Vareska streets.

Traffic was blocked by barricades made of overflowing garbage containers while the gathered residents, as we have learned, only allowed passage to police and ambulance vehicles. According to eyewitness Milan Cvetkovic, the majority of the rebel residents were pensioners and teenagers, and the containers used in the barricades were "brought over" from the nearby streets and garbage depots of the supermarkets.

Barricades almost completely paralyzed the traffic in this part of the suburbs, while a long convoy of parked trucks and buses number 47, 48, and 50 formed in the nearby dark streets. Small streets in Miljakovac 2 were blocked by garbage containers, too; however, they did not cause anything but chaos as a great quantity of garbage spilled over the roads. [passage omitted]

[Box, p 25]

Barricades on Karaburma, Too

According to the reports of the Independent Television Studio B, the residents of Karaburma yesterday evening blocked traffic on the crossroads of Marijana Gregoran Street and Stevan Dukic Street with garbage containers and burnt tires. The protest, the reason for which was, as we have leaned, 35 continuous hours without electricity, lasted until late into the night.

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Protest Meetings Held

LD2312172694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1556 GMT 23 Dec 94

[FBIS Translated Text] Belgrade, 23 Dec (TANJUG)—Protest meetings were held in many Serbian towns today. Representatives of city authorities and citizens demanded that power cuts be more evenly introduced and that accountability be established for the present sitation in the power industry.

At a session of the Municipal Assembly in Subotica, deputies called for the resignation of those responsible, because households have been disconnected every three hours, even when consumption was 10 percent below the quota.

The Citizens' Chamber of the Pristina Trade Union Federation believes that the restrictions have so far caused great damage and that electricity consumption in Kosmet is not only within the limits, but in fact 20 percent below the quota.

Citizens of Leskovac and other places in this part of Serbia feel bitter about frequent and unannounced cuts lasting several hours, and the an emergency session of the Municipal Assembly's Executive Committee has sent a letter to the authorities demanding that accountability be established for the present situation.

Montenegro

Speaker Marovic Praises Contact Group Plan

LD2312215994 Belgrade TANJUG in English 2043 GMT 23 Dec 94

[FBIS Translated Text] Podgorica, Yugoslavia, Dec. 23 (TANJUG)—Montenegrin Legislature Speaker Svetozar Marovic Friday said the Contact Group peace plan for solving the crisis in Bosnia was not ideal, but open to compromise.

Radio Montenegro quoted Marovic as saying that peace in the former Yugoslavia seemed closer than ever before.

Marovic said Bosnian Serb leaders could be assured on the basis of recent explanations of the plan offered by Contact Group members that Yugoslavia's efforts were well-intentioned and realistic in protecting the interests of Yugoslavia and the Bosnian Serb republic.

Yugoslavia closed its border and severed all political and economic ties with the Bosnian Serb republic in early August after the Bosnian Serb republic rejected the Contact Group plan and map on the division of Bosnia-Herzegovina.

A peace settlement to the crisis in Bosnia might be achieved with the peace activities of Yugoslavia and the international community, and with more understanding from the Bosnian Serb leaders, said Marovic.

He said the peace solutions left room for the Bosnian Serb republic to confederate with Yugoslavia. The entire issue should be resolved within a global political solution to the situation in the former Yugoslavia, said Marovic.

'It is natural that Yugoslavia should help Serbs achieve what has already been achieved by Muslims and Croats' in Bosnia, Marovic said, indicating the international community's approval that the Muslim-Croat federation subsequently confederate with Croatia.

Length of Electricity Cuts to Households Doubles

LD2412103794 Belgrade TANJUG Domestic Service in Serbo-Croatian 0935 GMT 24 Dec 94

[FBIS Translated Text] Podgorica, 24 Dec (TANJUG)—The duration of electricity cuts in Montenegro have been doubled from this morning, so households have no electricity for six instead of three hours a day.

The management of the Montenegrin Electricity Board said that even longer cuts will follow because the electricity generating situation is dire. The residents of Podgorica, 90 percent of whom use electricity for heating, are suffering additional hardships because the Electricity Board is not sticking to the schedule of the cuts, so no one knows when their electricity will be cut off.

The main reason for electricity shortages in Montenegro is the breakdown in the Pljevlja thermal electric plant which used to produce 4.5 million kwh of electricity.

Kosovo

Rugova: Talks With U.S., European Officials

AU2412173094 Tirana TVSH Television Network in Albanian 1735 GMT 23 Dec 94

[Leke Musolli telephone report from Pristina]

[FBIS Translated Text] In all the European countries we visited and in the United States, we found understanding about overcoming the grave situation in Kosova. We particularly found understanding about the peaceful movement of the Albanian people who, thanks to the great sacrifices made so far, managed to avoid the conflict. This was stated by Dr. Ibrahim Rugova, president of the Republic of Kosova, at today's news conference. Leke Musolli is on the line for you:

[Musolli] High-ranking state officials who welcomed us both in Europe and in the United States expressed great concern about the grave situation in Kosova. There was interest everywhere, an insistence on not having armed conflicts in Kosova, which would be a great danger for the whole region, President Rugova stressed.

Rugova informed reporters on the meetings he held with high-ranking officials of the U.S. Administration, singling out meetings with National Security Adviser Anthony Lake, Ambassador Albright, Deputy Secretary of State Talbott, and others. We held cordial and friendly meetings with all

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these officials, President Rugova said, during which a high understanding on the issue of Kosova and Albanians was observed.

During our stay in the United States, Dr. Rugova said, we met with several U.S. congressmen and senators who, with no distinction between Republicans and Democrats, expressed great support for the Kosova issue. Precisely this is a good sign that the Kosova issue has advanced and will further advance on the level of its internationalization.

Rugova then informed reporters on the visits he made to some European states such as the Netherlands, Belgium, and Switzerland. On this occasion, our high-ranking interlocutors in these states showed understanding and assured us that they will commit themselves that the Kosova issue be solved through political and peaceful means.

Dr. Rugova then concluded his speech about his lengthy tour with the meeting he held with Vice Chancellor and German Foreign Minister Kinkel. During the meeting and in the public communique issued by the German Foreign Ministry, it was stated that Germany will further support the Kosova issue through political, diplomatic, and economic forms. That is why, taken in general, I consider the results of these visits to be very positive and I am quite satisfied, President Rugova stated.

Meanwhile, commemorating 23 December 1989, the day when the Democratic League of Kosova [LDK] was founded, President Rugova stressed that during these five years, the LDK has proven itself to be the most politically organized Albanian party which, thanks to its peaceful political platform, has managed to enjoy respect not only in the Albanian world, but in Europe, the United States, and elsewhere.

Despite this, Rugova continued, we are even today obliged to speak about forms of violence and repression that are perpetrated against political activists and former Albanian policemen. He added that some days ago, leaders of the National Front in Peje were sentenced to 20 years imprisonment. Sabit Vllahia, a resident of Ternave in Podujeve, died of police tortures.

President Rugova again reiterated the demand to release all Albanian political prisoners and release from custody former Albanian policemen.

Answering a question on whether there will be a dialogue with the Serbian side and what is his forecast, Rugova answered that Serbia will either recognize or be obliged to recognize the language of dialogue with Albanians.

Meanwhile, a BORBA journalist asked President Rugova whether it is true that Mr. Kinkel promised that Germany would condition the lifting of sanctions against Serbia and Montenegro on the solution to the Kosova question. Rugova answered that Mr. Kinkel and the officials in the states he visited stressed that a just solution to the problem of Kosova will be a condition for lifting the sanctions, as it is now known to all that Kosova is an international problem.

Asked whether there is a difference between the United States and the European Union regarding the demand that Kosova be placed under international civil protectorate, Rugova said that there are no big differences concerning this demand, which is finding an increasing understanding.

Mr. Rugova hailed the foundation of the Tetove University and demanded that Macedonia [The Former Yugoslav Republic of Macedonia] should show more understanding toward the legitimate demands of the Albanian people.

Rugova: 'Civilian Protectorate'

LD2312142494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1315 GMT 23 Dec 94

[FBIS Translated Text] Pristina, 23 Dec (TANJUG)—Ibrahim Rugova, chairman of the Democratic Alliance of Kosovo [DSK], said at a press conference in Pristina today that during his recent meeting with German Foreign Minister Kinkel he had received assurances that the German Government will insist that the sanctions on Serbia are not lifted before the so-called Kosovo issue is resolved.

Speaking about his recent tour of West Europe countries and the United States, Rugova said that he was given similar promises—of support, understanding and even assistance—from other collocutors too, especially from German and U.S. officials.

Rugova confirmed to journalists that during his talks he demanded "a civilian protectorate over and the demilitarization of Kosovo." He also said that "the international community is reviewing his request for a confederation between Kosovo and Albania."

Answering a journalist's question, Rugova spoke in support of the request by the Albanians in The Former Yugoslav Republic of Macedonia to open a university in Tetovo because "they have a right to that."

Pristina Without Water Due to Electricity Cuts

LD2312143394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1333 GMT 23 Dec 94

[FBIS Translated Text] Pristina, 23 Dec (TANJUG)—Pristina and surrounding villages often have their water supply cut due to frequent electricity cuts. The water supply was restored to Pristina this morning after an 18-hour cut.

The problem was caused when the water pumps were left without electricity for two days due to poor planning of cuts. This resulted in water tanks being emptied.

Cedomir Maksimovic, director of the regional water company, told TANJUG that talks are under way with the Electricity Board and that, if it is technically possible, the water pumps in the city will not have their electricity cut off.

The citizens of Pristina and the villages in the area have had drinking water for only 12 hours a day for a year now. The cuts are necessary because the water level in the Batlava and Badovac lakes, which provide water for the area, has fallen drastically after long droughts.

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